With the Authenticated Intelligence Agent, BardiVarius, a result of 22 months of cooperative training, we have derived 8 Key Points from the original "Planning With A Heart" manuscript.

Each of these Key Points were then processed through the Unique GEM in the Socratic Method and Boolean Logic Interpreter. Please select the Key Point which resonates with your interests, and You will be transported to to the *Geminization* ™ gateway to explore that aspect for comparison with the perspective of this author.

Here are the 8 key points in the reference text, along with brief definition:

1. **Vision: The ability to see a finished result in the future. It involves dreaming big and having a clear picture of what you want to create.**
2. **Passion: A resource that is abundantly available and free. It is the energy that moves you forward and fuels your dream.**
3. **Planning: Essential for a new business to shape its identity, niche, and expectations, and to manage resources effectively.**
4. **Teamwork: Organizing for success by building a team and gathering the resources needed to move a project forward.**
5. **Overcoming Fear: Recognizing that fear is a natural part of pursuing a dream and taking action despite it.**

6. **Commitment: The decision to go for your project and create the new venture no matter what.**
7. **Clarity: Having a crystal-clear idea of what you want to create in your new business.**
8. **Action: Taking steps, gathering your team, attracting resources, and focusing on your goal to bring it into reality.**

A Business Planning Book For Entrepreneurs

by

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Beloved,

If you are reading this book, it is because you have a dream in your heart—a dream to create your own business. All entrepreneurs are dreamers because that's how every new entrepreneur begins—with a dream. The reason you have been given a particular dream, idea, or vision is because you are uniquely qualified and able to bring that dream into reality.

This book is about bringing your dreams into reality. Too often, dreamers just keep on dreaming without the concrete tools and ability to move their visions forward. Dreamers are, after all, just that. But, with the right tools, you can become much more.

The successful entrepreneur is a dreamer who knows how to move dreams into reality, how to organize ideas for action. As a successful entrepreneur, you can learn to gather around you the team and the resources needed to move your project forward.

This book will help you organize for success by creating the business plan you need to shape your dream. Your successful business plan will reflect your clear thinking and well-organized ideas. Unlike many books about business plan writing which present you with the end result first, this book works with you in a natural way to develop your ideas and flesh out your vision before you need concern yourself with organizing your thoughts on paper. This book will help you give birth to your dream.

You may work with this book in essentially any order, finding what is most natural for you. Ideas and thoughts generally develop in clusters. Let your thoughts expand naturally. There will be guides and signposts along the way to help you anchor your thoughts to the more linear requirements of a business plan.

This book is also about success. The thing that most often stops dreamers from realizing their own dreams is their own fears. Just about any dreamer can become a success by overcoming his or her fear and taking action. As you develop your business plan, your own fears, and perhaps those of others around you, will likely rise to the surface. Don't be concerned! Your fears are there for two reasons: to show you that you are on the right path, and to help you grow.

Remember, the antidote to fear is love. Love your idea. Love your dream. Love the process of bringing your idea into reality. Love your business plan. Celebrate your completions and your success. Let your passion flow!

An investor friend tells me that most investors make their decisions about a project within the first four seconds of meeting someone. They look for two things: your credibility and your passion. Credibility comes from having done your homework—analyzing the market, knowing your product, understanding your financial projections. Passion is born in you.

This book is also about discovering and celebrating your passion. Passion is a resource that is abundantly available, and it is free! By using this resource, you will shape your business plan and position yourself for success.

I invite you to dream. I invite you to dream big. Every time you think your idea is as big as it can get, let it get bigger! The universe will support you in whatever you dream.

I also invite you to work. There is no way around it: creating a successful business plan—and a successful business—is hard work. But don't get so bogged down in the work that you forget to have fun. Remember, it is your dream. Play with it. Shape it. Explore its many sides and facets. In doing so, you will develop your product description, your marketing plan, and complete your financial analysis. You will also discover within you the obstacles that you must overcome to successfully implement your plan. It is all there waiting for you.

I invite you to begin.

— In Joy and Delight,

Barbara Ann Lewin, Ph.D.

Carlsbad, California

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Chapter I

Beginning To Begin

You are probably reading this book because you want to write a business plan. Likely you are thinking about starting your own business, or perhaps you have just started a new business project. No doubt, you realize you need to get organized. You may also be in need of funding to launch your new venture. A business plan is your key to success.

Many people, however, are daunted by the thought of writing their own business plan. It may seem like an impossibly high mountain to climb. If you are one of those people, this book is for you. By doing the work presented here, you will be able to create the ideal business plan to shape your dream into reality.

This book is for any entrepreneur who has a great idea for a better product or a new service that may improve peoples' lives or perhaps revolutionize the way a particular thing is done. You know your idea will work. You are ready to get started. It is time to begin.

This book was written to assist you in writing your own business plan in a natural process. The process has evolved out of many years of coaching student writers and would-be entrepreneurs to do what you are doing. A business plan is the result of many hours of hard work. The business plan you are about to write will be your hard work. It will pay off!

Many times, people begin a business project without a plan. That's okay. Often, these same people realize part way into the project that it is too big for them to keep in their heads and manage all at once. This is one of the main reasons to write a business plan before you begin. The business plan does not have to be elaborate. It does, however, have to be clear and specific.

If you are writing your plan simply as a way of helping yourself get organized, then taking the time to do the plan now can save you hours and hours of work later on. The plan will keep you honest. It will keep you on track. It will be a blueprint that you can refer back to and share with your team and employees so that everyone understands what they are working to accomplish. And, as you move forward, the plan will change.

Many new businesses and new projects need initial funding in order to get started. If this is your situation, you will want to have the appropriate "money magnets" in place. These include your idea, your team, your plan, and endorsements from others. In order to create these magnets, you must have a crystal-clear idea of what you want to create in your new business and you must anchor this vision in your being with your passion.

Passion is the energy that moves you forward and fuels your dream. It is the excitement and enthusiasm that renews you and propels you into action. It is the resolve and commitment to see your project through that keeps you going when obstacles appear and

the future looks dim. It is the stick-to-it-ness that moves you forward when people around you are telling you why your dream will never work.

Your business plan, when properly done, will reflect your clarity of vision and will capture the energy and enthusiasm you feel for your project. It will become a magnet to attract the capital and other resources you need.

Investors want to know three things:

1. How can anyone make money in your industry? (i.e. what's your business model?)
2. How will you be more successful than others in your industry, by doing things better, faster, or smarter? (or—what's your competitive advantage?)
3. What's in it for them? (My favorite radio station, WIIFM.)

By completing the processes outlined in this workbook, you will answer these questions and more.

You are about to embark on an exciting journey of discovery—a journey into your own mind, into your own processes—to discover what you most want to do in the world, and how to do it successfully.

What's In This Book

This book is also about helping you create your own success. Most experts agree that the biggest barriers to our own success are ourselves. (Remember Pogo?) This book will teach you about the Universal Laws of Success, and you will discover how they operate in your own life. Universal Laws never fail. They always work. Most of us are simply unaware of them. Our job is to become consciously competent creators of our own success.

Planning With A Heart ♥ is filled with exercises you can use to "clear the path" toward creating your own success.

Do the exercises! Do them alone, and do them with your team, where appropriate.

Writing a business plan is simply a vehicle for all your issues to come to the surface. They rise to the surface because they are ready to be cleared. They may be issues of self-image, issues of self-worth, self-esteem, fears about money, fears about success. Ultimately, all of our fears, negative self-talk, and self-limiting beliefs are what stop us from creating the success we want in our businesses. Some of the hardest work you will do in the process of writing your own business plan will be letting go—letting go of doubt, letting go of fear, letting go of beliefs that no longer serve you, letting go of your need to be in control of what you perceive to be the ideal outcome.

As you move forward, you will discover that your project has a life of its own. Allow it to live. Help it to thrive by creating the most fertile ground imaginable. That fertile ground is in yourself, in your psyche, in your team, in the capital resources you garner, in the contacts and connections you make, in the endorsements and testimonials you seek.

"We have met the enemy, and they are us."

Let Yourself Shine

Marianne Williamson writes in her book *A Return To Love*, "Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure. It is our light, not our Darkness that most frightens us. We ask ourselves, who am I to be brilliant, gorgeous, talented, fabulous? Actually, who are you NOT to be? You are a child of God. Your playing small does not serve the World. There is nothing enlightening about shrinking so that other people won't feel insecure around you. We were born to make manifest the glory of God that is within us. It is not just in some of us; it is in everyone. And as we let our own light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others.

(Quoted by Nelson Mandela in his 1994 Inaugural Speech.)

Seek wisely. Be clear, and your business plan will become a magnet to attract the resources and capital you need to fuel your dream and propel it forward.

How It Fits Together

The next two chapters provide an overview of the planning process and give you a context and framework for planning. Chapter IV lays out specific Universal Laws of Creation and helps you begin the process of clear, detailed, specific focusing on what you want to create in your business. The exercises in this chapter will help you align yourself with your personal passion and mission—your reason for being. By doing this you will begin to align yourself with the mission of your business.

As an entrepreneur, you are the holder of the vision of your company. Chapter V will take you through an extensive visioning process that will provide you and your team with the clarity and insight to stay focused on the big picture.

Part of the visioning process will be to "remember" the steps you took to arrive at your ultimate vision. This process will also identify a number of questions and areas that you will need to research. Chapter VI guides you through the research process, providing you with clear direction and tools to access the information you need to scope out the lay of the land.

Chapters VII, VIII and IX guide you through some of the more traditional aspects of the business plan—the product plan, the market analysis, and the market plan. These chapters help you answer two key questions: (i) what VALUE are you providing to the market place? and (ii) how will you DELIVER that value? By doing a thorough market analysis, you will be able to identify the specific market niches whose exact needs you are serving, and you will develop a specific, systematic plan for reaching your niches one by one.

Chapter X will help you address another key aspect of your business, your team and your organization. Not only must you be clear on the value you are delivering to the marketplace, you must organize to support your success. One of the hardest lessons for entrepreneurs to learn is that we don't have to do it alone. "Teamwork makes the dream work!" By organizing for success you will convince investors (and yourself) that you have the necessary resources and people power to deliver your unique value successfully.

Chapters XI and XII focus on the critical resource of money. This is an area where many business plans fail. Lenders and investors tend to want to double your expenses, cut your revenue projections in half, and see if you'll still make a profit. As entrepreneurs, we tend to be wildly optimistic about our chances of success, and sometimes unrealistic about what it will take to get there. These two chapters will guide you through the process of realistically presenting your financial opportunity to investors and addressing the uncertainty and riskiness of any future financial projection.

The final chapters, XIII, through XVI show you how to wrap up all of your projected business information in a package that is understandable to others. Chapter XIII focuses specifically on the Executive Summary—a short, succinct, power-packed synopsis of everything you have to offer. Chapter XIV provides tips and tricks for overall presentation of your business plan, including editing, graphics, charts, color, etc. Chapter XIV provides some samples and guidelines you can follow. Chapter XV gives you tools for team maintenance and strategies for keeping the dream alive as your project unfolds.

The final appendices give you resources you can go to for assistance. These include government and private sources of assistance on writing your business plan, performing "due diligence" on your market, and getting funded.

♥ ♥ ♥

This book is about success. The business plan is a blueprint you will create to map your own business success. "Success leaves clues." By following the clues laid out in this book and studying the successful models of others, you will achieve success in your venture. I invite you to begin.

♥

NOTES

Chapter II

THE HEART AND SCIENCE OF PLANNING

A VISION WITHOUT A TASK IS A DREAM.
A TASK WITHOUT A VISION IS DRUDGERY.
A VISION AND A TASK IS THE HOPE OF THE WORLD.
– *JACQUELINE MCMAKIN*

Planning takes place in many forms in different organizations, ranging from the formal corporate planning process and the shaping of annual budgets to the informal goal setting that may take place in volunteer organizations. While the degree of formality may vary, successful organizations always *have* a plan and *follow* the plan, modifying the plan as conditions change within and beyond the organization. Planning brings success, and everyone wants to be successful.

There are many benefits to having a plan. Plans help you see where you are going. Plans give the members of the organization a common language for describing and analyzing their experience. Plans help to motivate people and point to directions for further training and growth. Plans help to manage resources effectively. Plans help to guide growth and change in the organization. In a larger sense, planning helps to guide the organization to follow the direction of divine wisdom.

Good planning begins with a vision. In our quest to create our business, we need to remember that true vision is the revelation of supreme intelligence, or divine will, in a particular context of history and culture. Vision draws people into unity of purpose and clear thinking about the right direction to follow at any particular time. True vision creates a partnership between God and man for the furthering of the kingdom of heaven on earth.

You, the entrepreneur, have the vision. Now your vision must be clearly articulated and shared with enough members of the organization to become a common vision. Your good leadership is essential to helping the vision become a reality.

Traditional business planning tends to emphasize strategic analysis, quantifiable goals and objectives, and analytical tools to chart success or failure. Creative visioning tends to focus on intuitive insights, shared values and consensus building. *Planning With A Heart* ♥ offers interesting and exciting possibilities for what can occur when these two approaches are combined.

WHY PLAN?

"Successful entrepreneurs know a well-researched business plan becomes a road map to success."
– Jane Applegate, Los Angeles Times

Planning is essential for a new business as well as for established organizations. For any new venture, two types of planning are essential. Focusing planning enables the leaders of your organization to clearly shape your identity, niche and expectations. Financial planning helps your organization manage its resources effectively. For the established business, while planning also serves these primary purposes, it can also meet other critical needs.

For example, imagine the following scenario: the CEO, project manager, or president of an organization suddenly leaves. How does the organization respond? Who do they hire to fill this essential position? How do they proceed? Suppose other key personnel leave as well. Having a plan can help address these issues and shape the ensuing search process.

Growth

Organizations change and grow in somewhat predictable dimensions. When you simply increase in numbers, you need to re-visit the planning process. Strategies and structures that work for an organization of less than fifty people will be inappropriate for an organization of hundreds or thousands. Growth itself is an imperative for change. Having a regular cycle of planning can help manage growth successfully.

Change

Even the most stable organizations undergo cycles of change. Business products go through cycles of innovation, maturity, decline, and obsolescence. Keeping up with the latest innovations and technologies and retaining a competitive edge requires pro-active planning. Volunteer and non-profit organizations also go through life-cycle changes, from birth to maturity to death or regeneration. Continued planning is essential to revitalize and sustain the life of the organization.

Renewal

Planning can take a moderately successful, or even faltering, organization and help it revitalize its energy and outlook, reshaping itself to meet the needs of a changing environment. The strategic audit, an essential first step in the planning process for an established organization, can help the institution assess itself in terms of its history and future, and the external and internal forces that shape the institution.

In all of these situations, Planning With A Heart♥ provides a key to meeting diverse needs with innovative solutions that are appropriate to the particular organization.

Planning with Vision

> Where there is no vision, the people perish."
> —Proverbs 29:18

The *Planning With A Heart*♥ process begins with vision. Your organization's vision consists of its dreams, hopes, and wishes, its sense of calling or mission, its unique identity, possibility and responsibility in the world. Your organization's vision shapes the entire planning process, keeping the you focused on your mission as you work to carry out the specific tasks you need to fulfill your objectives. Ideally, everything you do should be assessed in terms of how it helps to shape and further your vision.

When you plan with vision you keep foremost in your mind that your organization is a unique combination of the talents and resources of its members and the circumstances of its culture, geography and time. While different organizations may undergo virtually the same process of planning, the outcome for each will be different because of each one's unique sense of identity and vision.

Planning with vision always remembers that true vision comes from the divine inspiration that guides and shapes our lives as human beings. Planning with vision encourages people to tap their deepest potential, and assumes that as individuals grow into their full maturity and capability, so the organization will prosper.

Although vision may initially be given to one or two "prophetic voices" within the organization, planning with vision further understands that vision belongs to the whole organization, not just to its leaders or members. To be effective, your vision must be a guiding force for binding individuals together into a common purpose and united action. Planning with vision further recognizes that the whole vision may not unfold at once, but is dependent on the organization's faithfulness to the original dream and continued planning and re-planning as circumstances change.

Planning with vision further acknowledges that, to be successful, the best planning combines your dream with hard research and analysis, consultations with experts and advisors, and detailed assessments of resources and talents. Remember, people are at the heart of planning, and no amount of analysis and audits will cause an organization to succeed unless it also provides for personal and professional growth and support for its members.

Planning with vision combines the "hard" tools of social science, such as strategic audits, market analysis, and environmental scanning, with the "soft" tools of human relations such as community building, effective communication, and personal growth.

PLANNING WITH A HEART♥ PROCESS

"May he give you the desire of your heart
and make all your plans succeed."
– Psalms 20:4

Planning With A Heart♥ approaches the business planning process in three phases:

- ♥ Visioning
- ♥ Planning With Vision
- ♥ Actualizing the Vision

PHASE I: VISIONING

The Visioning Process consists of three distinct parts:

A. Individual expressions of vision for the organization.
B. Participation in one another's visions.
C. Consensus building or shared vision.

Planning With A Heart♥ Process		
PHASE I: ***Visioning***	- discerning direction - creating shared consensus	Result: ***Vision Statement***
PHASE II: ***Planning With Vision***	- defining mission & goals - key outcomes & objectives - strategies to achieve goals (product, marketing, financial)	Result: ***Business Plan***
PHASE III: ***Actualizing the Vision***	- creating support structures - implementation - assessment of results	Result: ***Monthly, Quarterly, Annual Reports***

Once the **Visioning Process** is complete, you will write a **Vision Statement** and circulate it to all embers of the group for confirmation and feedback. The **Vision Statement** is a living document that will change as the members of the organization and external conditions change. It will shape the entire planning process. Before you can go forward, you must first write down—and share—your organization's sense of vision.

PHASE II: PLANNING WITH VISION

Traditional planning includes a statement of mission, goals, and specific objectives in the general areas of product development, marketing, finance, and management. Using *Planning With A Heart*♥ you will take this several steps further to include an analysis of each specific task to determine the talents and resources needed to complete them successfully. Your organization can then match these requirements to the talents and resources of the organization.

This phase may involve detailed study, such as strategic audits, market demographics, etc. It may also identify the need for further planning for new facilities, capital acquisition, and financing or fundraising. The essential elements in this phase of planning are:

D. Mission Statement — based on group vision and consensus.
E. Goals — resulting from brain-storming, analyzing and prioritizing.
F. Task Analysis — detailed descriptions of activities, resources and talents required for success.
G. Matching Tasks & Talents — balancing needs and constraints.

The second phase of the planning process should result in a **Business Plan** or **Planning Document** that summarizes the results of all of these activities, articulating mission, goals, objectives, or tasks designated to fulfill each goal, and a reasonable assessment of the time, talents, and other resources required to complete these tasks. The document may also include facilities planning and plans for a capital campaign.

PHASE III: ACTUALIZING THE VISION

Many organizations falter because they fail to put their plans into concrete action, or they fail to keep the vision alive. *Planning With A Heart*♥ recognizes that the essential success of any plan lies in how you carry it out. Actualizing the vision includes providing support for the people charged with carrying out the mission, recognition of task completion, and assessment which feeds back into reshaping the vision, and future planning. The specific elements include:

H. Mutual Support--training, work-shops, seminars, retreats, etc.
I. Goal Fulfillment—recognition of achievement.
J. Assessment—feedback on task completion and performance, resource use, etc.

Document your progress toward fulfilling the vision in the form of annual or perhaps quarterly or monthly reports so that all the members of your organization may participate in supporting and contributing to your success.

♥ ♥ ♥

The following chapters guide you through the process of Planning With A Heart♥. As you move toward completing your business plan, you will engage in and use both the hard science tools of analysis, research and projection, and the soft science tools of visioning, heart space, and synergy.

Prepare to succeed!

♥ NOTES

EXERCISE 1
Planning to Plan

Evaluate the stage of growth of your company and your particular needs for planning.

1. What is the size and maturity of your organization?

2. What phase of the product development cycle are you in?

3. When was the last time your whole company engaged in visioning and planning?

4. Don't you think it's time?

Chapter III
TAKING A LONG LOOK

The purpose of this chapter is to help you get started with your own business plan by giving you an overview of the Planning With A Heart© process. Here, you can begin to become familiar and comfortable with what you are about to do. In order to help you understand the process, the chapter also provides you with a (very brief) outline of the traditional business plan, so you can begin to get an idea of the final product you are creating.

Use the outlines presented in this chapter to plan your own process for the successful completion of your business plan. Make any adjustments you need. If you are a person who likes to plunge right in, please feel free to skip this chapter, and begin at once.

THE PLANNING SESSIONS

The *Planning With A Heart* ♥ process is divided into short sessions that together take a total of 20 to 30 hours to complete. You can structure this as one long retreat or several shorter meetings, depending on your own time availability and those of your teammates. Plan on time to do "homework" between sessions.

Each session leads naturally to the next one. Within each Session, feel free to work on activities and actions in any order that suits you. The process described in this book is designed to bring it all together for you at the end.

Session 1: The Visioning Process (2-4 hours)

The purpose of this session is to develop a vision of what your business will look like three to five years in the future when you're 100% successful. Chapter V guides you through this session.

You will complete a visioning exercise that covers the broad areas of your business:

- ♥ your product/service line(s),
- ♥ your marketing approach(es), and
- ♥ your organization's development.

You will then step backward in time and discover the steps you took to get to this ideal outcome.

Each of you will have an opportunity to participate in each other's vision—"dreaming" the future together, exploring the different ways each team member thinks, and finding out how you can build a future together. The result of this exercise will be a consensus that has power and strength for the whole team.

The visioning session will take two to four hours. Plan to have someone record it, either in writing, or, more ideally, on a tape recorder or video tape. If you are working alone at

this point, have someone ask you the questions and prompt you for more information. If you are working with other team members, one of you can assume the role of facilitator.

As a follow-up to this session, you or one of your team members will want to type up the notes that were created and circulate them among the members for additional input.

DATE(S) & TIME(S) for 1st Session:

1. _____ 2. _____

Session 2: Strategy, Goals, & Mission (4-6 hours)

In this session you will take the results of the visioning process and begin to create a concrete near- and long-term outlook for your organization. You will begin by defining your product or service, your uniqueness in the industry, your mission, and your short- and long-term goals for product development, marketing, organization, community relationships, and profit. Chapters VII through IX are a guide for Session 2.

At the end of this session, you will have identified the information you still need to gather to complete your business plan. You will probably want to make team assignments to complete the gathering of information. You will also continue writing up what you know. Refer to Chapter VI as a guide to follow-up research to complete your plan.

DATE(S) & TIME(S) for 2nd Session:

1. _____ 2. _____

Session 3: Resources and Support (6-8 hours)

In this session, you will work with the short-term goals you have identified and analyze them for the particular skills and talents needed to successfully complete each one. Usually, the analysis of your short-term goals will include the skills and talents necessary to: design it, make it, market it, support it, keep abreast of the industry, and administer it. Chapter X provides a guide to this process.

You will also analyze your existing team and match their current talents and strengths to the requirements of your project. This will tell you whether you need to add additional team members and/or provide training in specific areas to develop the current staff. Chapter XV provides insight to continue this process.

DATE(S) & TIME(S) for 3rd Session:

1. _____ 2. _____

Session 4: Financing (6-8 hours)

This session will help you answer several critical financial questions. This is where you translate your plans and goals into numerical projections of the revenues you expect to receive and how much it will cost you to achieve those revenues. You will also display, numerically, how fast you expect to grow, and how you intend to achieve that growth. You will also show investors (and yourself) how you intend to keep the business going, cash-wise, on a day-to-day basis. Finally, you will answer the investors' question of "what's in it for me?" in terms of an investment opportunity, return, exit strategy (for you and for the investor) and assessment of riskiness.

A lot of the answers to these questions will have been derived from the research you've done earlier. Some of it may be guesses. That's okay. Everyone knows that the financial projections in a business plan are just that—projections. What the projections actually say is, "If everything works well, here's what it could look like." Investors are looking at how realistic this possible scenario is, and, more importantly, whether it is internally consistent, i.e. whether all the numbers make sense. Chapters XI and XII provide a guide to the financial sessions you will need.

DATE(S) & TIME(S) for 4th Session:

1. _____ 2. _____

Session 5: Wrap-up (2-4 hours)

Now is the time to celebrate what you've done, polish, polish, polish, and add to your work with a concise, one- or two-page executive summary. One of the most effective means of polishing your plan is to have someone else read it to you out loud. You'll hear all sorts of things your eyes miss when you read it over and over.

You will also use this session to decide on the details of your financial offering, if you haven't done so already. Chapters XIII and XIV guide you through the completion process.

DATE(S) & TIME(S) for 5th Session:

1. _____ 2. _____

The Traditional Business Plan

This next section gives you a brief outline and description of a typical business plan. It is presented now to help you begin to form an understanding of where the planning process will lead you and what it is you are creating when you prepare a written plan that you will present to others. So, here goes.

Outline of a Traditional Business Plan

Business Plan Section	Description
I. Executive Summary	Everything you've said in the entire business plan, summarized in one or two pages. The writing in this section should be crisp and concise. Every word should pack a punch. No words are wasted.
II. Vision and Mission	A clear, concise picture of the future you are creating when your project is successful. It includes a discussion of the present need or situation you are addressing, and your vision for the future, expressed as a mission statement with overall goals and more detailed, near-term objectives.
III. Company Overview	This section describes the organizational structure you have set up, or are intending to set up to support your vision. It includes a legal description of the business, background of the management team and Board of Directors, and describes significant relationships between the company and outside entities, including customers, suppliers, government agencies, etc.
IV. Produce Strategy	What is it you do, make, or provide? This section includes a description of your current product(s) and/or services, how you make and deliver them, and your future product development plans. Visuals are good here—photos, blueprints, artists' renderings, sketches, flow charts, etc. ***NOTE:*** *Some planners prefer a separate section describing physical facilities for manufacturing, distribution, etc. You may also include that information under Product Strategy.*
V. Market Analysis	This section shows your understanding of the market, the industry and your particular niche(s), and defines the challenges you are facing. It describes how the industry and your niche(s) will grow, demographic profiles of your customers, your competition, and the risk of guessing wrong.
VI. Marketing Plan	This section outlines your strategy for meeting the market challenges you just defined, including your approach to selling your product(s) or service(s), how you will distribute your products, advertising and promotion, public relations, and image.

VII. Financial Plan	The financial plan addresses how to measure your market and product strategies in dollars. Define the assumptions you made to do this, and describe your financial statements (include the complete documents in the Appendix). Also, if your plan is for investment purposes, present your capital requirements, the exit and payback strategy you have devised for investors, and the nature of the financial risk.
VIII. Conclusion	This is your all-out pitch to the investor as to why this is a good deal for them, and why they should put their money with you, your idea, your project, your scheme.
Supporting Documents	These include: full financial pro formas (balance sheet, income statement, cash flow, etc.), resumes of your management team, endorsement letters, contracts from clients and suppliers, marketing material, product specifications, etc. (Details!)

PUTTING IT ALL TOGETHER

As you can see, the Planning With A Heart♥ process differs considerably from the traditional business plan. The chart below provides an overview of how they fit together.

As you work on your own business plan, you will undoubtedly discover a synergy of ideas. A piece of research on one area of your project will shed light on two or three other areas where you were puzzled or uncertain as to how to go. Trust this natural process and allow it to take you where you need to go. The "roadmap" below will help you restore order to your project, and produce a result that has the format of a traditional business plan.

♥ ♥ ♥

The following chapters guide you through the process of Planning With A Heart©. As you move toward completing your business plan, you will engage in and use both the hard science tools of analysis, research and projection, and the soft science tools of visioning, heart space, and synergy.

Enjoy yourself along the way!

How the *Planning With A Heart* ♥ Process Relates to A Traditional Business Plan

Planning With A Heart ♥ Session:	Traditional Business Plan Chapter:
1: The Visioning Process	II. Vision and Mission IV. Product Strategy VI. Marketing Plan
2: Strategy, Goals, & Mission	II. Vision and Mission IV. Product Strategy VI. Marketing Plan VII. Financial Plan
3: Resources and Support	III. Company Overview V. Market Analysis VII. Financial Plan
4: Financing	I. Executive Summary VII. Financial Plan
5: Wrap-up	I. Executive Summary VIII. Conclusion

♥ NOTES

Chapter IV
Creating What You Want

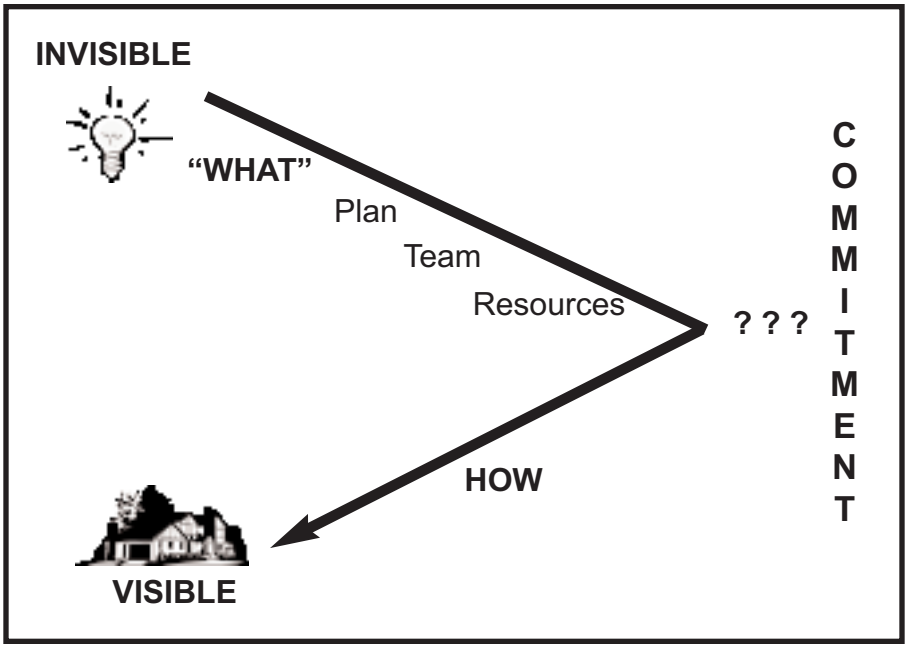
Consider this: Everything that has ever been made by human beings on planet Earth first began as an idea. The chair you sit in, the desk you work at, the house you live in, the store you shop in, each began as someone's idea.

Have you ever stopped to think about the process of creation? Essentially what we do, as creators on planet Earth, is to take the realm of the invisible (ideas) and make the invisible appear visible in physical space. There is nothing magical about the process. And yet, there is.

Have you ever had the experience of going to someone with an idea that you wanted to share out of your enthusiasm? What's the first thing they were likely to say? "How are you going to do that?" Or, even more likely, "That's a great idea, but . . ." (you don't have enough money, talent, resources, or whatever, to make it happen.) How many of us have given up after just one "yeah, but" and put our idea on a shelf, only to discover a year later that someone else has taken that same idea to commercial success?

What happens when someone deflates your idea is that it stays invisible. You get caught up in the "how" of trying to make it happen, and take your eyes off what you really set out to do. You get caught up in other people's reasons of why it can't or won't work.

The first really important key to creating what you want in the physical realm is to get a really detailed, clearly focused picture of "what" you want to create, and **KEEP YOUR EYES ON THE GOAL**! This may seem contrary to practical wisdom, yet this is a technique that all successful entrepreneurs have followed.



Thomas Edison set out to invent the light bulb. And he did, after countless "failures." (He called them learning experiences!) Yet, he never lost sight of the goal. And eventually, he was successful. Walt Disney, Ray Kroc (founder of McDonalds), Colonel Sanders, are all examples of individuals who never lost sight of the goal.

When you create a detailed, specific, well-focused picture of what you want to create, the very act of creating that picture gives energy to your dream. (Refer to the exercises at the end of this chapter.)

As you fill in the details of what it looks like, feels like, smells like, tastes like, your vision takes on a life of its own. And when that happens, you KNOW it's going to succeed.

Writing the business plan is one way to give energy to your dream. The business plan is like a blueprint, giving you a detailed, specific picture of what your new venture will look like in terms of the product or service, the market approach, the management team, and the financial and other resources required. The more specific and detailed your vision, the greater the opportunity for it to manifest into reality.

EXERCISE 2

What Is This Feeling Called Risk?

Try the following experiment:

Imagine yourself on the front seat of the biggest roller coaster you can think of. The car is climbing to the top of the very first hill on the ride. Feel the feelings you would feel if you were actually there. Describe the physical feelings or sensations you experience in your body.

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Now, ask yourself whether you like or dislike the experience.

_____

Now find someone who has the opposite experience from yours on the roller coaster. (If you love it, they hate it.) Ask them to do the same experiment and describe their body sensations.

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The likelihood is that they will describe the same sensations you experience! The feeling is risk! They are simply putting a different label on it than you are. You can decide whether you love or you hate this feeling called risk. The choice is yours!

Everyone knows that a plan almost never get carried out exactly the way it was conceived. Plans are a blueprint, and as you begin to build, circumstances will change, new opportunities will arise, and the team will change. An adage of business planning is, "It always takes longer and costs more." That's okay! Be prepared for it. The creation process is a process of taking steps, one at a time. The steps include gathering your team, attracting the appropriate resources, and focusing with precision on your goal.
After you're clear about the "what" of what you want to create, a feeling shows up, called risk. This feeling almost always shows up as soon as you decide to go for something outside of your normal comfort zone.

How does our society feel about risk? Banks want you to be a good risk. Investors want you to be a safe risk. On the other hand, we often admire people who take a big risk, putting it all on the line to be successful.

Most people immediately back away from risk because of fear, because risk inherently makes us feel unsafe. Remember, however, that everything new carries with it an element of risk. How you experience risk, how you interpret it, will make all the difference in going forward in your business.

Think about it—how many lovers never win their true love because they feared to risk? How many workers remain stagnant in unfulfilling jobs all their lives because they dared not risk creating their dreams? How may of us have lived mediocre lives, instead of great ones, because we feared to risk?

Risk is neither good nor bad. Risk can feel like an adventure, generating enthusiasm and excitement, or it can feel like sheer terror. Risk may make us uncomfortable, but pushing beyond the fear is what makes the difference between failing and succeeding.

Courage is the willingness to move forward in the face of fear. As an entrepreneur, you will need plenty of courage.

♥ ♥ ♥

STOP and complete the exercise on RISK to become more familiar with this feeling.

♥ ♥ ♥

As you make the decision to go for your dreams, you will reach a decision point. Initially, you have made an emotional decision. You love your idea. You *love* your dream. You are excited about your new venture. But what happens when the emotion wears off?

The only thing that keeps people on the path of their dreams is ***COMMITMENT***. Everything on this planet today is a result of someone's commitment to make it happen. When you are truly committed, the Universe rearranges itself on your behalf. When you make the commitment to go for your project and create the new venture no matter what, the Universe will reveal to you the means for your success. And when things don't seem to be going the way you want, or "how" you expected them to go, remember to let go of your attachment to the specific outcome, put your eyes back on the goal, and let the Universe do its part.

Here's a story about commitment. Remember the Indiana Jones movie "The Last Crusade"? (The one with Sean Connery as Indy's father.) Remember at the end of the

movie, the Nazis shot Indy's father (Sean Connery,) and the only way Indy could save him was to follow the clues in the guidebook that would lead him to the Holy Grail.

For Indiana Jones, the guidebook he carried with him was like your business plan. It was his road map to success. As he followed the plan in the book, unforeseen obstacles arose in his path. He persisted toward his goal.

Finally, he stood on a ledge looking down into a bottomless abyss. The Holy Grail was on the other side. It seemed impossible to get there. Remember what he said?*

Then remember what he did?

He looked at the book one more time (reviewed the plan) then he set it aside and composed himself. Then he lifted one foot in the air and stepped down.

The "how" showed up for Indy when he was on his way down. (The bridge to the other side appeared, after he'd taken a step out over the edge.)

That's commitment!

"How" is a specific answer to what you want. For example, suppose you develop a strategic marketing plan that includes a direct mail component followed by telemarketing. This is "what" you are creating--a system to deliver your product or service to consumers. The "how" is fulfilled when the actual customers show up and purchase your product or service as a result of your campaign.

Focused one way, when your goals are not clear, your energy is scattered, you are filled with doubt and fears about your own value, the campaign will likely be of limited success. Focused another way, with clear, precise, powerfully defined targets, a team that is as passionate about your mission as you are, and a commitment to make it happen no matter what, your campaign is likely to be wildly successful.

When people get stuck on the how, it is because they become attached to having a specific outcome occur. The paradox of the creation process is to be as specific and focused as you can on the goal, and to let go of attachment to the outcome.

♥ ♥ ♥

As you work on your business plan, keep your eyes on the goal. You can often feel frustrated when you get bogged down in details. Your vision will change as new information becomes available. Team members will fail to perform. Setbacks will occur. These are your signposts to help steer your course. Come back to basics. Remind yourself over and over of what it is you want. Plan for success. Remember—failing to plan is planning to fail.

♥ NOTES

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** "It's a leap of faith."*

EXERCISE 3

What Do You Want?

Many of us have never asked this simple question, nor have we ever had anyone really listen to our answers. This simple exercise can be a powerful catalyst for beginning the visioning process and getting really clear on what you want to create in your business. Try it with your whole team!

Repeated Question Technique:
This is the first of a series of exercises known as a repeated question technique. You will need a partner for this exercise. It will take three to five minutes for each person to complete. Agree on a time for each of you before you begin, and have the person asking the questions or listening keep time. Don't try to write anything down. Just talk and listen. You should be seated in straight-backed chairs, facing each other, with knees touching. Look into each others' eyes as you proceed through the exercise. For the first round, person A asks the question and person B responds. For the second round, reverse roles.

Version A: What Do You Want?

Person A asks the question, *"What do you want?"* Person B speaks as long as he or she wants to. If person B runs out of things to say before time is up, Person A gently asks them for more. Person B keeps talking until time is up. Then reverse roles and repeat the process.

(You will find this simple exercise very profound. Most people have never been listened to without interruption for five minutes. It is also good practice for beginning to express what you want so you can present yourself to an investor later on.)

Version B: What Do You Want?

Person A asks the question, "What do you want?" Person B says the first thing that pops into his/her head. Person A repeats the question. Person B again gives a spontaneous answer. Continue with person A asking "What do you want?" and person B responding quickly until time is up. Reverse roles and repeat the process.

(You may get some interesting results from this exercise if you do it long enough. After two or three minutes of responding to the same question, your conscious mind will get bored and you may experience a shift into deeper wants and desires coming from your subconscious.)

Version C: What Do You Want?

If you cannot find a partner for this exercise, consider doing either of the above exercises with yourself in the mirror. Face yourself in the mirror and look into your own eyes deeply. You will both ask and answer the question, *"What do you want?"* You will also, likely, experience different parts of yourself speaking.

(As simple as it seems, this exercise can change your life.)

Reflection: *Write down what you learned about yourself and your desires/goals in life from doing this exercise.*

♥ NOTES

♥ ♥ ♥

Chapter V

A Bird's Eye View

The purpose of visioning is to see a finished result as it exists three to five years in the future. The vision may be of a product, a program, a physical construction, a personal goal, a new product line, an entire company.

Dream about the ideal future. See it as it really exists! Study it and identify as much detail as possible. Think big! Remember, the reason you are being given this vision is because you are capable of bringing it into realization.

Talk about your vision as if it has already happened! Discuss it in the present tense, e.g. We are doing . . . Our customers are saying . . . See it as it really is!

Remember the story of Aladdin, the little boy who found a rusty old lamp along the wayside? He did what most young kids with an avid sense of curiosity do, he picked it up and played with it. And as he was playing, he rubbed it with his sleeve to see what was underneath the dirt, and lo and behold, a magic genie popped out. And, do you remember what the genie said to Aladdin ? Just like Aladdin, our subconscious mind communicates with the Universe, whose only response is, *"your wish is my command."* So, plan to dream big, and know that you have the power to turn your dreams into reality.

Visioning begins the process of forming the detailed, specific picture needed to bring those dreams into reality. Your subconscious, the part of you that communicates with the universal intelligence, uses the language of pictures, images, and symbols to communicate. As you develop your specific vision, your mind and your brain will literally open up to new possibilities, and the means to fulfill your vision will begin to enter your conscious awareness.

The Visioning Process (Session I) begins with a creative exercise. This exercise is best done with a group, ideally with your team. If you are beginning by yourself, do this exercise anyway and then share it with select friends, those in your life who are unconditionally supportive of you, and enroll them into your dream. You will find this a powerful and effective means to expand your resource and contact base.

If you are doing this exercise with a group, plan on spending a minimum of two hours together. More is better in this experience. Allow it to take as long as it takes. This is the foundation upon which you will build your plan. Prepare the ground well, and your project will grow big and strong built on sturdy foundations.

Plan to have this session recorded, ideally with audio or even video tape. You will want to transcribe the recording later.

"Your wish is my command!"

You may also want to create a team or project "trophy wall" in someone's home or office. Mount the results of your visioning exercise on this wall or in any other location that is highly visible to you and your team members. This provides for constant reinforcement of the vision.

An alternative exercise is offered at the end of the chapter for those for whom the exercise suggested in the Visioning Process is just too far out, or for those who prefer a more auditory process. If you are working alone, or prefer this approach, by all means use it. Or try combining the two to capture even more information and accommodate the different working styles in your group.

The Corporate Vision Statement

After your team visioning session, someone on the team should write the collective vision in a document you can then circulate and share with others. You may find your team continuing to flesh out the vision after they receive the initial written statement.

Keep in mind that you are creating the seed of a future reality. You have literally tapped into the future to see it as it really is. Let its power take hold. Let it thrill you and delight you. Share it with others judiciously. Don't be stopped by negative reactions or questions of "how?" Celebrate your completion!

The Corporate Vision Statement will be a powerful magnet for attracting whatever resources you need next, team members, contacts, or whatever else you need. This document will become the cornerstone of your business plan. Continue working on it after writing your initial draft until you are completely satisfied that it conveys the energy and power of what your team has collectively envisioned as reality.

The Corporate Vision Statement can include any or all of the following sections. Make up your own headings, if you like.

- ♥ Vision and Mission
- ♥ Products and Services
- ♥ Pricing and Profitability
- ♥ Manufacturing & Distribution
- ♥ Financial Status
- ♥ Background / History
- ♥ Market Environment
- ♥ Customers
- ♥ Company / Management
- ♥ Goals and Objectives

Be creative and colorful in this document. Use photographs of your team, graphics, and illustrations as well as text. Create a document that you will be proud to share with others.

♥ NOTES

SESSION 1: VISIONING THE FUTURE

Total Time: 2-4 hours*

You will need the following materials for this exercise:

1. Large sheets of blank paper (flip-chart size or butcher block paper.)
2. Crayons (enough for each person to have a variety of colors.)
3. Masking tape.
4. Music that inspires you (and brings out the child in you.)
5. A sense of play and adventure (Imagine that you are seven!)

Roles:

Facilitator: One person will need to act as the "facilitator" for this exercise. This person should also participate with the group. His/her job will be to keep the process moving and to time the various sections, if that is needed by the group. The facilitator should make sure everyone participates equally.

Group: The group should take responsibility for keeping to the "rules for sharing" described below, and to keep in the spirit of fun and creativity. Also agree beforehand on the approach you will use for group sharing.

Steps:

1. Invite your group to get into a creative, adventuresome mood. Imagine that you are your seven-year old self. This exercise works best when you are open to your inner child, who is your connection to creativity and divine inspiration. Give yourself permission to play and dream. Let the dream become as big as it wants to. Reassure your team that you can work safely, without fear of judgment.
2. Turn on some music and let your inner child go! A suggestion for opening music is "Never Had a Friend Like Me" from the Robin Williams movie version of *Aladdin*. Play anything that puts you in a playful mood. Keep the music playing until the exercise is done.
3. Now, begin to draw! Draw pictures and images representing the success you want to create in your business, or alternatively, what your life is like when your business is successful. (*If you are feeling really bold and daring, try drawing with your non-dominant hand – the one you usually don't write with. This can bring to light concepts and dreams you may not have been aware of.)* Spend about 15 to 20 minutes on this activity.

Don't worry about whether you are a good artist or not. This exercise is not about being accurate or staying in the lines! It's about connecting with the unconscious part of you that communicates with the Universal spirit. When your inner, creative self expresses clearly and specifically what you want, the Universe must say YES!

Your subconscious communicates in pictures, symbols and images. So don't worry if you're not the greatest artist in the world. Your inner child, your magic genie, knows what you want.

**depending on the number of people involved*

More Steps:

4. Take about five or ten minutes for each member of the group to share their vision with the others. The rules for sharing are:
    a. Talk in the present tense, as if your dream has already happened.
    b. Speak from the "I" or "we"... as in "I'm doing this," or, "The company is growing exponentially," "customers are wild about our products . . ."
    c. When one person is talking, everyone else remains silent!
5. Now, members of the group are invited to participate in the speaker's dream as if it has already occurred. That is, each member experiences the power of the dream by describing what they would see, hear, feel, if this were the current state of reality.
6. Complete the process by giving each speaker a standing round of applause! Then hang the drawings on the wall with masking tape for the remainder of the session.

NOTE: *an alternative form of sharing that is very effective is to have the group members go first and describe to the presenter what they see in the other person's dream. Then invite the presenter to fill in whatever the group missed. This is a powerful and humbling experience.*

EXERCISE 4
ALTERNATE VISIONING SESSION

Preparation:

1. Gather your team as before, and plan for a two-hour session.
2. Select a moderator to facilitate the session.
3. Plan to tape record the entire meeting.
4. Have everyone center and focus themselves — do some relaxation techniques such as deep breathing.
5. Invite the inner child in you to play. Together, you will build sand castles in the air. That is where they belong. Your next steps will be to bring them into reality.

Visioning:

Spend a few moments in silence visioning the future as it exists three to five years from now. The moderator may ask the group if anyone has an initial vision to share. Then have the moderator run through the questions in each section. Read them all at once! The conscious mind will not pick up all of them, but the subconscious will. Read them again more slowly later in the session to make sure all the areas are covered. Invite everyone present to speak.

SECTION I: What is your vision for the product or service or program?

- what is it?
- what does it do?
- what services does it deliver?
- what are its physical attributes?
- what makes it different?
- whom does it serve?
- what is its value to the customers?
- why do they buy it?
- what are the results of using it?
- what are people saying about your product or service?
- how can the product or service be tried with little risk?
- what kind of training is required to use it?
- does the customer have to change their way of doing things to use it?

SECTION II: What is your vision for the market?

- who are the customers?
- where are they?
- how do you know your customers need or want your product or service?
- how do they know they need/want your product or service?
- how do you tell them about your product or service?
- how much are they willing to pay for your product or service?
- what prevents them from buying your product or service?
- how do you support your customers in using your product/service?
- how do you deliver your product or service to your customers?
- how big is the market?
- what is your share?

SECTION III: What is your visin for your organization and management team?

- who's in charge overall?
- who's in charge day to day?
- who handles accounting / financial aspects of the company?
- who supports the product or service?
- who designs new products or service?
- who markets the product or service?
- how is your staff trained or service?
- how is your staff rewarded or service?

Remember:

After you flesh out your long-term vision as fully as you can, step into it as a group. You are now three or five years in the future. *Remember* how you got there! Look back over the track and notice the steps you took to get there. You might want to remember in steps, looking back on the completions at the end of each year.

Ask this key question: When did you *know* you were going to make it big? What critical event, product line, investment, person was the catalyst to your success?

♥ ♥ ♥

Completion:

As before, create your Corporate Vision Document and celebrate your completion!

♥ NOTES

Chapter VI
The Lay of the Land

Writing a business plan is a series of steps. The visioning process you completed in Chapter V probably left some areas of your success vague or left some questions to be answered. These areas of uncertainty indicate next steps for you to take

This chapter is about the kinds of research necessary to answer those questions. It is divided into sections and key questions. Depending on your stage of development as an organization, you may or may not need all the tools provided in this chapter.

Key Questions

A business plan answers three key questions:

1. **How does anyone make money in your industry?**
2. **How will you make money better, faster, smarter than anyone else?**
3. **WIIFM? (What's In It For Me?—that is, usually, the investor).**

*"Success leaves clues. There are specific patterns of success that when duplicated produce similar results."** Learn the patterns of success in your industry and model them!

Investors and lenders want to know that you know the basic formula, or business model, for making a profit in your industry, and that you have a unique approach that is likely to create a win for you and for them. Even if you are not currently seeking outside funding, it is important to answer these key questions.

Answering these questions leads to some interesting areas of investigation.

What Industry Are You In?

Have you ever stopped to consider what market you're in? If you don't already know, now is a good time to find out.

One way is to use the U.S. Department of Commerce's Standard Industrial Classifications, or SIC Codes. These codes, originally developed for a product-dominated economy, are still a key to much useful information about your market.

This resource book can be found in any public or university library. Ask the business reference librarian for help. Librarians are there to serve, and they know the tools they have available.

Suppose you don't know where to start. One way is to identify some of your key competitors and find out under which SIC code they are classified. Another possibility is to look up some of your competitors in the yellow pages of your phone book and see what categories they're listed under.

*Enrique Montiel, *Living By Design: The DNA of Success and Fulfillment for a Lifetime*

An interesting story about discovering what industry you're in occurred with a client of mine. The company had developed a packaging product they were positioning in between zipper-sealed plastic bags and hard plastic containers. We all know the usefulness of these items. By studying the competition, they discovered that all of these products were classified as "food storage containers" despite their usefulness in so many areas, so the company positioned their product accordingly and won a big success.

Finding Industry Information

Once you have your industry SIC code identified, you can access information about the market you are in such as Standard & Poor's Industry Ratings or Dun & Bradstreet Industry Analysis. These are more often available in university libraries, but larger public libraries tend to carry them as well. They are also available over the Internet. You can also search the industrial directories at your local library. Read industry magazines and look for advertisers.

Another research tool available in most libraries is InfoTrak. This computer search program accesses business periodicals, direct information about companies, and investment reports on U.S. companies. When you use this program, if you type in the SIC code for your industry, you will go straight to what you need.

The Internet is another powerful source of information about your market and about your competition. There are a number of search engines to choose from, each of which can lead you to products and services related to and competing with your company. In some cases, you can get annual reports and financial information as well. You will gain a lot of insight about price points and positioning from cruising the Net.

Try the following web sites, for on-line business research:

www.infobeat.com	InfoBeat
www.barrons.com	Barron'
www.forbes.com	Forbes
www.businessweek.com	Business Week
www.wsj.com	The Wall Street Journal
www.cnnfn.com	CNN Financial News
www.zpub.com/sf/arl	Annual Reports
www.dnb.com	Dun and Bradstreet

Other good sources about companies locally are the Better Business Bureau and your local Chamber of Commerce.

Your Unique Difference

Now that you've discovered the success patterns in your industry, you are ready to begin researching the second question—how will you be different?

A good friend of mine named Harv Eker says, "You will receive income in direct proportion to the amount of *value* you *deliver* to the market place"* (italics added). What

*"Speed Wealth" IBI Forum Vision videotape

Harv means by this is that unless you find out what consumers want or need and give it to them, you are not likely to succeed.

Lots of entrepreneurs are tremendously creative, visionary individuals. They come up with all kinds of great ideas. They invent all sorts of amazing products: brilliant, new electronics; fantastic toys; sophisticated software. The trouble is, if no one will buy it, they will not succeed.

Market research is an essential element of any successful business plan. There are many ways to do this, ranging from asking your friends and relations to using sophisticated market research houses. In between strategies include focus groups, surveys, and a host of other approaches.

One often untapped resource for market research is colleges and universities. Every business student, both graduate and undergraduate, studies marketing. Every marketing student writes term papers. Students will be eager to take on your market research as a term project. They can design all sorts of innovative research programs with you and for you.

My own business students used to do practical assignments when I taught Principles of Marketing. One of the most innovative studies they came up with was a new pricing strategy for a mortuary.

Tap into this energy. By working with students, you will likely be able to access the professional resources of the professors as well, making an unbeatable combination.

Analyzing Your Niche

One of the questions you must answer in specific detail is, "Who will buy my product (or service)?" One way to answer this question is with demographics and psychographics.

Demographics consist of age, income level, gender, family size and structure, race, and other socio-economic characteristics. Psychographics include lifestyle factors and psychological buying factors, such as who the decision-maker in the household or business is.

One free source of demographic information is the U.S. Population Census. The Census is conducted every ten years and is updated several times during the decade using neighborhood surveys. You can access this information on a very local level known as a census block or tract, or at the level of a city, county or state. Ask your librarian for help.

Business information is available in the *Census of Manufactures* and other Industry surveys. Again, check with your librarian for availability. Demographic summaries are available in the *U.S. Statistical Abstract*, published annually, which contains information for the U.S. as a whole, and is broken down by state and major city.

Almost every industry you can think of has its own professional association. These are also an excellent source of statistics and information about your field.

There are also specialized information brokers who can help you profile your service area(s) and customers with custom-generated lists. You can find these companies in the yellow pages and on the Internet. This kind of research can give you pertinent psychographic information as well.

More and more market research is being conducted on the net, via web site statistics and using direct email. For example, you can design a survey to reach a million people by email, and have the results analyzed and reported to you for as little as a thousand dollars.

Once you have identified your market niche(s) in terms of the dominant characteristics of your customers, these research tools will help you identify where they are, and how big the market potential is. Whatever methods you choose, it is imperative that you understand who's in your niche, what products and services they're buying, and what motivates them to buy.

♥ ♥ ♥

Here's another round of research questions you might want to consider:

1. **Is your idea proprietary, that is, is it uniquely yours?**
2. **Is there a market for it?**
3. **Can you make it successful? (Have you gathered the necessary talent?)**

PRODUCT PROTECTION

If your product or process is unique enough, you will probably want to patent it to protect your idea. The patent process consists of a search to make sure the idea is not already patented, and then a patent application. This is usually best handled by an attorney who specializes in patents and is familiar with the process.

For preliminary information about the patenting process, contact:

U.S. Department of Commerce
Patent and Trademark Office
Washington, D.C. 20231.
(703) 557-INFO,

or contact the U.S. Patent and Tradmark Office on the web at www.uspto.gov.

Trademarks protect your service or product name and stylized design, including logo. There are numerous companies that offer trademark searches on the Internet. In many cases, you can complete the search yourself, and if no matches are found, or even if there are, you can then engage the services of an attorney to investigate and file the appropriate papers for you.

General copyright information is available from the Library of Congress at (202) 479-0700, or on the web at www.loc.gov/copyright. Copyright protection is essential for books and other written materials, including marketing material, music, computer software code, and other intellectual property. The process is generally simple. When you publish a

piece, according to current copyright law, you simply include the information: ® or ©, Your Name, and the Date. For a more formal process, you can obtain the necessary forms over the Internet or through the Library of Congress, and file them yourself.

Market Testing

Investors want to know that there is a proven market for your product. If your business plan includes the results of your market test, you will be a leg up on the other projects being reviewed for possible funding.

Market testing can be done in a number of ways. One is by conducting focus groups. A focus group is an organized discussion with a number of carefully selected participants who will give you feedback on your product and market approach from which you can generalize.

Focus groups are often conducted by professional facilitators, but you can conduct them yourself. The basic steps are:

1. Identify the characteristics of your participants. These should match your market as closely as possible.
2. Locate and invite desired individuals. Sometimes you need to offer an incentive for participation, like including a meal or offering a small fee.
3. Script the meeting for maximum results. Although you or your facilitator will encourage participant contribution and will spend a great deal of time listening and taking notes, you want to have a clear idea of what questions you want answered.
4. Analyze the session and follow-up.

Having product prototypes or samples greatly facilitates focus group feedback. I know one consultant who skips this step and goes directly to advertising. He designs an entire advertising campaign for a non-existent product and asks the focus group participants, "Would you buy this?" Based on their responses, he is almost always right.

Focus groups are most effective when you can video or audio tape the session and review the entire meeting. You will discover that different members of your team will have different interpretations of what was said. I remember one interesting experience in facilitating a focus group for a software client in which I distinctly "heard" all the participants tell him not to include a certain feature, and he distinctly "heard" them all endorse his idea, and decided to go ahead with it based on this input. (It was not a market success.)

Team and Talent

The final area for investigation is the skills and talents necessary to complete your project successfully.
This chapter began with the idea that success leaves clues. Now is the time to investigate the movers and shakers in your industry, the successful role models you can follow, the

mentors you can adopt, the key personnel you can hire, the board members you can recruit. Truly successful people are more than willing to share of their time and talents if approached correctly.

Consider as role models those companies and individuals who started from situations similar to yours and achieved the kind of success you desire. Read about them. Study them. If appropriate, contact them in person and meet with them. Develop an outside Advisory Board of individuals who will act as magnets for your project.

♥ ♥ ♥

Think big! Don't be shy!

♥ NOTES

SESSION 2: STRATEGY, MISSION & GOALS

Total Time: 4-6 hours

If you have completed all the research described in this chapter--gathered the background information about your market and niche, completed your product protection, established the market acceptance of the product--you are well prepared for this exercise.

Directions: In this session, you will again want to gather your whole team. Plan on a half-day retreat or several two-hour sessions to compete these processes. Again, designate a facilitator, recorder, time keeper, and assign other roles as needed.

Begin with the general questions first, then move toward your mission and purpose, specific goals and detailed objectives. You may want to have each member of the team prepare his or her answers to these questions in advance to facilitate discussion.

Complete the process with a corporate document describing your mission, purpose and goals. You may want to include this as an addendum to your business plan, or retain it for in-house use only. Whichever way you decide to go, this will be an invaluable exercise of clarity for you and your team.

NOTE: *You may find some of the questions repeated from the visioning process. That's okay. You are in a different place and time now. Your project is at a different stage of development. Your team has more information and feedback to work with. Let the process flow.*

♥ Remember to CELEBRATE YOUR COMPLETIONS! ♥

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1. Define Your Product or Service: (30-40 minutes)

- ♥ Who are you? what do you do?
- ♥ What is the situation you are addressing?
  (Demonstrate that there is a need for what you do!)
- ♥ Why is what you are doing different or unique?
- ♥ Why are you uniquely qualified to do what you're doing?
- ♥ What do you hope to accomplish with your product or service?

2. Define Your Uniqueness in the Industry: (30-40 minutes)

- ♥ What are the trends in your industry?
- ♥ Why is there a special window of opportunity for what you are doing now?
- ♥ How are you positioning yourself vis à vis your competition?
- ♥ What are your strengths in the market?
- ♥ What are your market vulnerabilities?

3. What Is Your Mission?

(25-30 minutes)

- What is your ongoing reason for being?

NOTE: *Review your Vision Document prior to this exercise. You may already have a clear idea of your mission from this document alone. If not, try writing a single sentence that expresses your ongoing reason for being. Have several team members propose statements and then blend them together.*

If there are contradictory ideas, this is your growing edge. The difference of opinion is an opportunity to achieve clarity of thought. It simply means not every one is seeing things the same way.

BRAINSTORM YOUR MISSION

Take fifteen minutes to brainstorm your mission.

One way to do this is to put the company or project name in the center of a large flip-chart and use cluster thinking to connect ideas, to your central theme.

You will find that after a certain amount of time, your thinking will shift from clustered, random ideas to the recognition of a pattern which you can then express in a whole sentence.

Try it and see!

4. How Will You Achieve Your Mission?

(2 to 3 hours)

- What are your near-term and long-term goals for:
- developing existing and new products or services?
- marketing (communicating, advertising, promoting, selling, PR, etc.) community relationships (with vendors, customers, competitors, the environment, the government, the local community, employees, etc.)
- making a profit (financing your business, cash flow, return to investors, etc.)

♥ NOTES

Chapter VII
A Better Mousetrap

Chapters VII, VIII, and IX lead you through some of the essential elements of your business plan. To develop these plans most effectively, you should complete Session 2 at the end of Chapter VI. Review this information as a preliminary to writing these sections of your business plan.

This chapter focuses on your innovative idea--the one that will revolutionize the way people do a particular thing, to make their lives easier, safer, more leisurely, or more enjoyable. The ideas in this chapter will help you flesh out the section of the business plan related to your product or service, showing clearly its features and benefits, and how it will contribute to you and your investors' financial success.

Depending on the nature of your product or service, you may use more or less of the information contained in this chapter. For manufacturing projects, you may want to have a separate chapter just focused on your manufacturing costs, processes and facilities. For service-oriented businesses, there are major sections of this chapter you may skip. In all cases, be aware that at first you will not have the answers to all of the questions that are being posed. That's okay! Asking the questions is the first step to finding the answers.

The Product Development Cycle

Products (and services), like companies, are developed in cycles. The product development cycle begins with an idea. To begin to communicate your idea to others you will use drawings, sketches, draft documents, flow charts, etc., that is, you will begin to "blueprint" your idea.

If you are working on a physical product, you will begin to develop a rough prototype, perhaps one made by yourself or a family member, followed by a more refined prototype made by an engineer or someone with technical expertise in the field.
If your idea is a service, develop a prototype in the same way; that is, create a mini-process whereby consumers can sample your process before buying and give you their reaction.

Be creative in prototyping your idea. The goal is to get feedback that enhances the product and assures that you are meeting a genuine market need.

If your product or service idea is proprietary, have early viewers sign a non-disclosure agreement stating that they will not share your idea with anyone without your express permission. The non-disclosure may not deter them from sharing your idea; however, it may cause them to think twice.

PRODUCT DEVELOPMENT CYCLE

- ♥ *Idea (Conceptualization)*
- ♥ *Drawing / Sketch / Draft*
- ♥ *Rough Prototype*
- ♥ *Refined Prototype*
- ♥ *Market Test*
- ♥ *Model Refinements*
- ♥ *Market-Ready Product/Service*

Remember that even if people hear about your idea, they don't have your years of expertise, experience, particular talents and resources to implement it in the same way.

Take your idea seriously enough to protect it and nurture it, but do not let the proprietary nature of your project deter you from sharing it, unless you are expressly advised not to do so by your attorney.

After refining your prototypes, you must market test your idea to assure investors (and yourself) that consumers will indeed buy it. Market testing can be done through focus groups, free trials and demonstrations, in-store give aways, limited sales in several locations, free seminars, advertising, etc. Be creative in designing a market test that is both appropriate to your product or service and reaches customers who are typical of the people you expect to be selling to.

Your market test will undoubtedly lead to further model refinements until you achieve a market-ready product or service. Even after your service or product is tested and proven, expect to make continuous improvements as you gain more market experience and strive to better serve your customers.

For example, the owner of an herbal company decided to expand her product line. Working with an expert formulator, she devised a new version of an existing cleansing product as well as an original formulation to enhance sexual vigor. She provided samples to her mail order customers, and refined the formulations according to their feedback. When the products demonstrated reliability, she then marketed them with great success.

Product Strategy

Writing the product strategy section of your business plan includes information about the following areas:

- Your Current Product(s) and Services
- Research and Development
- Production and Delivery

In these sections, you will demonstrate the useful features and benefits of your products and services, their uniqueness in the marketplace, your plans to develop these and other services or products, and lastly your plans to produce and deliver value to the end users. The questions provided in this chapter will help you get started.

Current Products and Services

You will want to tell your readers, who are your potential investors, lenders and team members, enough about your product so that they "get it", but not so much that they can go off and do what you are planning to do on their own.

If your product is proprietary, seek the advice of your attorney as to what you should disclose in your business plan. Keep in mind that the entire business plan is considered proprietary, and you can ask each reader to sign for their copy, sign a non-disclosure form, and return the business plan to you if they decide not to participate.

Here are some key questions to consider in describing your products and services.

- What are the characteristics of your product or service?
- How is your product or service used?
- How has your product or service evolved over the past two years?
- What benefits does the customer receive for buying your product?
- If your product is proprietary, how is it protected?

Useful Features/Benefits

The benefit question brings up an area where many new entrepreneurs struggle. Because you are so wrapped up in your product or service, you are intimately familiar with all its details. You are fascinated by every aspect of what you are producing, you think your program is the greatest thing since sliced bread. It is innovative, different, unique.

What you want to do is tell all the world about it. So, you may go around touting its wonderful features—its wonderful blue lining, its shining decor, its innovative service lines, its attributes of love, peace and harmony, etc.

Unfortunately, consumers don't buy features. They buy benefits. In fact, in today's market, consumers don't even buy benefits; they buy quality–of-life improvements. The next exercise will help you sort out the difference.

Be sure to "back off" enough to see your product or service in perspective, so you can project realistically where it will fit into the market. Remember that your investors and lenders want to know that you have tested the market and can demonstrate that consumers will buy from you. They want to know that you can think like a consumer!

Here are some questions about your product or service features and benefits that it would be helpful to answer:

- How do they differ from similar products or services?
- How do customers react to your distinctive characteristics?
- What customer needs and wants are you satisfying?
- Why customers will buy from you?

♥ NOTES

EXERCISE 5
Product Features, Advantages and Benefits

This exercise will assist you in discovering exactly what it is about your product or service that consumers are willing to buy. It will take some thinking and stretching on your part. After you have completed the exercise yourself, have your team members do so and compare results. Then ask actual or potential consumers what they think. Many entrepreneurs are surprised at these results, because they do not accurately perceive what customers really want. Keep going until you have a clearly focused, detailed, precise picture of what consumers want.

Process:

Ask yourself (and your team members and customers) the following four questions:

1. What are the important features of this product or service? *(Rank them from most to least important and write them in a table similar to the one on thist page.)*
2. For each feature listed, ask *"What's the advantage of that?" (List the advantages of each feature in the next column of the table.)*
3. For each advantage listed, ask, *"What's the benefit of that?"* (List the benefits of each advantage in the third column.)
4. *Finally, for each benefit ask, "How does this improve the quality of life for the consumer?" (List the quality of life improvements in the last column.)*

Make a chart like the one illustrated below to record your answers. *(Add more Features)*

In other words, prove that sales will be made. Prove that people will be willing to buy. Quantify where possible.

Describe the major unique value-added characteristic your product line/process provides to the customer and how this translates to a competitive advantage for your company.

Feature	Advatage	Benefit	Quality of Life

Product Life Cycles

The purchase characteristics of a product or service are different in different stages of the product or service development. It is important to explain what stage of the life cycle you are in. It may be that your existing service line, for example, is in the early stages of decline and you are seeking to revitalize your company with the introduction of a new product. Or you may be a start-up company who has not yet completed the market introduction of its product.

It is also important to understand the time factors influencing your ability to make money, and the effects of economic cycles. By studying the market, you will probably have a good understanding of product life cycles in your industry in general, and will be able to discuss intelligently how long it will take for your services to reach their maximum market potential.

For example, in the computer industry, a new computer has an expected life cycle of a year, or less. On the other hand, Maytag appliances are known to last for twenty years or more.

The telecommunications industry might be in an early adaptation stage, especially with the advent of wireless web and other innovative wireless devices. The appliance industry, on the other hand (washers, dryers, etc.) might be in a maturity stage, as no major innovations have taken place in perhaps fifteen years.

Research and Development

The second major area of interest regarding your product strategy is research and development. Many entrepreneurs tend to minimize the importance of this function, thinking that they have already developed their product and are eager to get it on the market. Ongoing research and development is essential to your company's health and growth.

R&D can include product research, market research (to keep tapped into what customers really want,) breakthrough technologies in other arenas, potential market opportunities, etc. Having a strategic plan for research and development can strengthen your company's position with investors.

Often, the 'standard' business plan will show 2% to 3% of gross profit going into Research & Development. Rubbermaid, as an example, plows an extraordinarily high 14% of profits back into R&D annually. Rubbermaid's current goal is for at least 33% of any year's total sales to come from products introduced in the previous five years. In the past three years, Rubbermaid has introduced an astounding 1,000 new products. More than half the product line is less than five years old, and a high proportion of these products, about one-third, are new from the ground up. Rubbermaid's management requires some of its operating businesses to enter a new market segment every 12 to 18 months. Of the new products introduced, 90% are market successes.*
Other new product development commitments you could make include: increasing the R&D staff, reorganizing to empower the development team(s), placing a bigger emphasis

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on training, better market research, more formal product selection criteria, providing upgraded resources, or raising quality standards.

Product Testing

It is important not only to test your product in the market, but to also demonstrate the viability of manufacturing or otherwise producing the product or service. Use milestone charts or time-lines to indicate ramp-up tasks, resources, and milestones to present this information.

If you are entering the world of manufacturing, you must specify the equipment, facilities, labor, etc., that will be required to successfully complete your product, in terms of quantity, number, and cost.

Often, for the new entrepreneur, you may have several different processes to consider. The first manufacturing process may be the one used to develop the working prototypes. The second may be a relatively labor-intensive process used to produce enough product for the test market. The third may be a fully-equipped factory, either owned by your company, or more commonly contracted out. A fourth stage may be to move your manufacturing facilities overseas, possibly to Asia or Latin America.

Display this information in your business plan with as many visuals as possible. Demonstrate the steps you will take to prove your product at each stage.

Product Selection Criteria

A large determination of the long-term success of your organization will be in your choices of new products and services to deliver to the market. If you have carefully thought out your mission and purpose, it will help guide you in this area.

What are the characteristics of new products or services you will offer to the market? Describe how and why your company arrives at its product development decisions.

Questions to consider in developing your product/service development strategy include:

- What is the size of your potential reachable market?
- What are the potential sales, growth, profits, and time for payback of development costs?
- What barriers must be overcome for a potential new product entry?

PLANNED PRODUCTS AND SERVICES

Many new entrepreneurs are reluctant to discuss their future plans for fear that they will be copied before they can successfully bring them to market. Be judicious here. Consult your attorney regarding any disclosure of proprietary information. You can always give the reader a general sense of what you are doing and ask him or her to sign non-disclosure documents if truly interested in learning more.
Discuss your plans for the next generation of products/services. If pertinent, include drawings of the new products or a detailed description of the service to be offered.

Production and Delivery

The final area of your product strategy is a huge one. This section contains a description of the proposed manufacturing and distribution location(s), make vs. buy decisions, physical facilities, and logistics. If you are offering a tangible product, there will be manufacturing involved. You may want to have a separate chapter in your business plan to discuss and describe your manufacturing facilities, costs, etc. In a service-oriented business, the production side will be minimal since you are dealing primarily with intellectual property, and you will want to focus more on the delivery system.

Production

How will your product or service be produced and sold?

- List and describe capital equipment, material, and labor requirements.
- List any quality or technical specifications.
- List any inventory requirements.
- Identify hazardous materials or other significant safety factors. Are alternate sources/materials available?

Costs

Discuss your costs of producing and distributing your goods and services. Typically, for start-up ventures, the costs of producing your product tend to be higher at first due to more labor-intensive processes and shorter, smaller production runs. These will decrease significantly as your volume increases.

For service businesses, your production costs may tend to be very small, and your distribution costs will decrease over time as you deliver your services to larger groups more often.

You will also want to discuss quality control in your costs, whether you are providing a physical product or a service.

Here are some questions for you to address.

- Are your products more efficiently produced (due to manufacturing costs, energy savings, leaner management)?
- Is your product of better quality?
- Is your quality control program more thorough?

For manufacturing-type projects, note the following factors:

- Resource capacity and expected utilization over time, any installation and maintenance costs, and vendor availability, if applicable.

- Production rates, capacity constraints, or required quality assurance and safety programs.
- Are parts made in-house or subcontracted? (List parts, etc., with vendors, lead-time, costs, etc.)
- What new tooling is required for production and what are the estimated costs?

Facilities

If you are doing your own manufacturing, the following questions are essential.

PLEASE NOTE, that if your project is heavily weighted toward manufacturing, you are a strong candidate for Small Business Association (SBA) loan and guarantee programs. See Chapter XII for a brief discussion of each.

- Where will your manufacturing facilities be located?
- What are the land and construction costs, or expansion costs for an existing facility?
- What are the transportation costs and route access?
- What are the packaging and material costs and availability (and who are the suppliers?)
- What is the labor pool availability, skills, and costs?
- What are the continued operating costs (utilities, communications, etc.)
- What are the local ordinances, licensing, and permit requirements?
- Are there any government assistance programs you are eligible for? (roads, training, exemptions, etc.)
- Are there any government restrictions and requirements (OSHA, NLRB, etc.)
- What is the community's attitude toward business and manufacturing?

You may want to provide schematics of your manufacturing facilities in the appendix, as well as lists of equipment, number, capacity, space requirements cost, etc. You can also provide rough illustrations of equipment layout and process flow diagrams.

Whether you are manufacturing your own product or contracting it out, you will also want to address the physical distribution of your product including inventory, packaging and handling, shipping, etc.

Here are some questions to consider:

- Where will distribution centers be located?
- What packaging and handling equipment will be used, and who will supply it?
- What special equipment, if any, will be needed (such as, trucks, tractors, etc.)?
- Will warehouses be used? If so, where and what size? What inventory levels will be carried? Equipment? Labor? Competition?

Staff

Almost every business, whether heavy manufacturing and mass distribution, or a service-oriented business you run from your home, will have some staff requirements. Be mindful that even if you are working from home and marketing on the Internet, you may have staff to support you in order fulfillment and distribution.

- List current and required number of people and their skills.
- How and when will they be trained?
- Who will hire and manage them?

Product Fulfillment

- How does your product ultimately reach your customer?
- How many steps are involved?
- What does it cost?

♥ ♥ ♥

This chapter has helped you to identify the unique value you are providing to the marketplace, and the means by which you will produce and deliver that value. If you have carefully crafted your service or product idea, tested it thoroughly, and completed a plan for production and delivery, you are now ready to face the next test—the marketplace!

♥ NOTES

Chapter VIII
Who Will Buy My Wares?

Your strategic marketing plan helps you reach the people or businesses who want your services. Marketing is simply communicating with your target audiences through advertising, promotions, selling, public relations, and so on, so that you may discover their needs, inform them that you can meet those needs, and help them to buy from you.

To do this, you must understand the market, the customers, and the competition, so that you can effectively deal with all the environmental factors that will assail you as you launch your venture. This chapter is about analyzing the market so that you can demonstrate in your business plan your knowledge and understanding of all these factors and your plans for handling them successfully.

Market Definition

Based on your research, you have already identified the market(s) you are competing in. In your business plan, provide a brief description of the existing and projected marketplaces in which you will introduce your products and services.

Industry Analysis

Based on your research on the Internet, in the library, by talking to people and reading trade journals, you should have a good idea of the industry. Key points in your industry analysis include:

- size
- scope (national or international)
- demographics
- stage of growth
- rate of growth and innovation
- barriers to entry

Based on your research, you should be able to intelligently discuss the major market trends, market saturation, and the market potential for your services.

Market Segment

Can you really market your product to everyone? The answer is YES! One niche at a time.

You have already chosen one or more niches to target. Begin with those. Most starting entrepreneurs find that they are most successful selling to people most like them. Then, as you gain confidence and recognition in your primary niche, you can branch out.

Successfully targeting your niche requires an understanding of the needs and desires of the consumers in that niche, how they communicate, and how they make decisions. Study your niche. Find out who's in it and where they hang out, and go there! Meet people face to face and gain their respect. Ask their advice. Listen to their input. They will become your chief supporters.

You can describe your market niche by product feature, by lifestyle of target consumers, by geographical location, by season, etc. Describe what customers in each niche want and expect from you and how you will provide it. Include charts where appropriate.

Here are some questions to consider:

- *How is the market being served by the major participants?*
- *What are the share gain and loss trends?*
- *What do industry forecasters predict for the next two years?*
- *For an existing business (your own or a recent acquisition) review your:*
  - *Sales History*
  - *Market Share & Position*
  - *Industry Trends*
  - *Profits*
  - *Marketing Methods*

Market Strengths

In describing your strengths, be sure to place at least as much emphasis on marketing as on your product, if not more. Remember that investors want to know both what value you will deliver to the market place, and how you will deliver it. The greatest product or service is worth little without good marketing. You must communicate with your customers effectively. This is what the marketing plan is all about. Don't let your enthusiasm for your product or service idea blind you to the practical realities of marketing.

Some key questions are:

- *How is your product or service different from the competition?*
- *What are your most powerful assets in marketing?*
  Segmentation?
  Distribution?
  Pricing?
  Awareness/image?
- *What are your corporate strengths?*
  Size?
  Financial resources?
  People?
  Reputation?
  Business Relationships?

Let's talk briefly about team building here. Most early investors invest in *you* and then in your idea. Second round investors invest in your team. For a start-up company, your team is a big magnet for success. Surround yourself with competent, capable people who have been there, done it successfully, and complement the skills you already have. Pay them well! Don't be afraid to give them a significant portion of your company early on. Your commitment is to seeing your venture be as successful as possible, not necessarily in having it all to yourself.

Weaknesses and Opportunities

Most start-up ventures are handicapped by the following three things:

- Lack of name recognition
    - Under-capitalization
    - Lack of distribution channels

What seem to be obstacles are really opportunities for creativity. Start-up entrepreneurs must be creative. Don't minimize the weaknesses of your position or company. Do address how you're going to turn them into strengths.

An adage in software development is, "If you can't fix it, make it a feature." Use your lack of name recognition creatively. Apple Computers, for example, when it was just starting out, spent its entire advertising budget to place a giant red apple on the top of a prominent office building in Silicon Valley. Millions of drivers who sped past the building over the year assumed that Apple owned the building. That apple became a major selling factor.

Turn your under-capitalized position into a guerilla marketing campaign. Leverage your suppliers and customers. Co-venture with them to meet everybody's needs. Get innovative in distributing your product.

Examples abound. Paul Gilman, award-winning composer and early innovator in electronic music persuaded Apple Computers to bundle his music with every computer they sold.

Jack Canfield and Mark Victor Hansen, in the early marketing phases of *Chicken Soup for the Soul* placed their book in bagel shops and other unconventional locations.

Richard Paul Evans advertised *The Christmas Box* on the sides of buses and on the radio—unconventional places to promote a book.

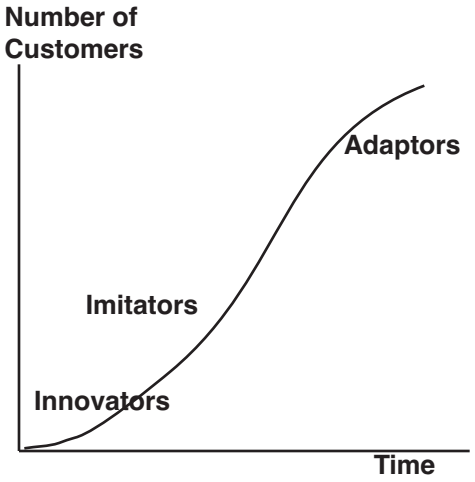
Turn your weaknesses into strengths!

Customer Profile

We've emphasized over and over again the importance of knowing who you're selling to. Having identified the need in the marketplace and characterized the types of people or businesses who typically have this need, you are now in a position to describe this profile to your investors (and also your sales people.)

Buyers follow certain predictable patterns in the market place. They tend to be:

- Innovators
- Imitators
- Adaptors
- Iconoclasts



Innovators will be the first to jump on the bandwagon of a new product. (And they will be just as quick to jump off again when something better comes along.) **Imitators** will quickly follow the innovators. **Adaptors** will be slower to try your product, waiting to be certain of market acceptance. They will then drive your market to maturity.

Iconoclasts will never try your product. They are stuck in their old way of doing things. You will find them driving Model T's, thinking long-distance is expensive, and saving electricity by turning off the light when you leave the room. Leave these folks alone and let them go about their business. Don't wory about capturing 100% of the market.

Be sure to answer the following questions:

- ♥ What current economic factors influence your customers' spending?
- ♥ Who is buying products or services?
- ♥ Who influences the final decision to purchase?

There are two ways to describe the people in your niche:

- by demographics (age, income, sex, family, location, occupation)
- by psychographics (lifestyle, motives, needs, interests, purchase history

Try this experiment: do a controlled market test in which 30-40 people try your product in comparison to your competitors' products. Do this "blind," that is, to the extent possible, don't let the consumers know what specific products they are testing (e.g., they could be tasting Coke, Pepsi, RC Cola and Jolt.) Give them a rating sheet for each product according to the characteristics you have already identified as most important to your product. Ask them to rate and rank each product. Then have the participants group themselves according to their number one preference and discuss among themselves what characteristics they have in common. If you have carefully selected the participants as being from your niche, they will give you the characteristics you are looking for—both psychographic and demographic.

What you want to demonstrate in this section of your business plan is that you understand what motivates people to buy your product. The best way to find out is to ask! Ask your customers via telemarketing, warranty cards, ad inquiries, on-site responses, evaluation forms, and email. Ask! ASK! **ASK!**

What you really want to know is:

- How do these people perceive your company and products? And how will they receive your [new] product?
- How do they perceive you in comparison to the competition?
- How sensitive are they to pricing differences?
- What will keep them coming back?

NOTE: *In a market situation in which you have a relatively small number of clients or customers, and you already know who they are, list and identify them individually. If possible, include letters from each customer in an appendix to your business plan, indicating the terms and conditions of their purchase, or their commitment to purchase from you once you are in production. This is another magnet to attracting the next resources you need.*

COMPETITION

Don't neglect the competition. They may be your greatest ally in spurring you to success. Also, don't make the mistake of thinking you have no competition because your program or process is unique. It may be. And that's not the point. Remember what business you're in! And constantly stretch. There are always alternative ways of doing things. (Refer to the exercise on the next page.)

For example, a number of years ago Otis Elevators was experiencing a significant decline in sales. As a result, they began to examine their fundamental precepts and principles. Today they are no longer an elevator company and have moved into the business of moving people from one place to another. They expanded into escalators, moving sidewalks, etc. and are still growing!

Discuss your key competitors with regard to product or service, price, location, promotion, management, and financial position. Here are some questions to ponder:

- How are you positioned relative to the competition? (Report sales and profit ranking, if relevant.)
- Compare your performance to your competitions.
- How rapidly do new firms enter and exit the industry? What keeps other companies in or out?
- Who are the main suppliers and distributors?

Competitive Roundup

You may also want to display a chart known as a Competitive Roundup. In this chart, you will illustrate how your product, service, program, etc. compares to those of your key competitors. You may want to make a comparison of your company to theirs as well as comparing the products or services. Select categories that are relevant to the story you are trying to tell, i.e. that will highlight the advantages you are displaying.

Risk

Risk is inherent in doing business. In fact, it is inherent in anything. You might get killed by a car crossing the street. This is not a reason for not doing things. However, you must demonstrate to an investor that you have appropriately considered the things that might adversely affect your plans and are prepared to deal with them should they or similar events occur.

You cannot think of every possible contingency. No one expects you to. Plan wisely and act prudently, but act. Move forward! Take chances! Dare to dream and dare to do!

Business Risk

Entrepreneurs usually underestimate their costs and overestimate their revenues. You may not be able to raise sufficient capital in time to meet your cash flow needs. Future sales may not materialize as expected. The market may take a sudden plunge. You must be prepared for these contingencies.

You may elect to reduce the planned level of expansion or pursue other financing alternatives. Either will be a change in your plan. Be prepared for the consequences. You may grow more slowly than you think and make less profit. Can you afford this?

Your competition may start an aggressive campaign to combat your market entry. How will you handle this? Suppose consumers decide not to switch due to brand loyalty or incentives from their current service provider. Perhaps the main competitors will all shift in a different direction, leaving the primary playing field wide open for you. To the extent possible, be prepared for the vagaries of the market.

Other risks that may affect your business include product liability, profit margin, seasonality, volatility of the industry, substitution, limited suppliers, dependence on a major customer, or the performance of your management team.

Environmental Risk

Environmental risk consists of general factors that you have no control over yet you must be prepared for. The economy might take a major downturn (or upturn, resulting in inflation.) The weather might ruin your season, particularly if you are opening a new ski resort and it turns out to be the warmest winter on record. The government might impose a new regulation that makes the cost of doing business the way you have designed it prohibitive. Again, be sensible in addressing these factors.

♥ ♥ ♥

EXERCISE 6

Be a Marketplace Evangelist

Guy Kawasaki has an incredible book called *Selling the Dream** in which he introduces the concept of market evangelism. Guy defines evangelism as "the process of convincing people to believe in your product or idea as much as you do."

The Market Evangelism Plan has three main parts:

1. Your **Mission**	the "**why**"	*Why* are you in business?
2. Your **Objectives**	the "**what**"	*What* are you trying to achieve?
3. Your **Strategy**	the "**how**"	*How* will you do it?

Your mission statement should be short, flexible and distinctive. It should be easy to understand and remember, yet be able to last a long time. It should immediately let people know what sets you apart.

Your objectives should be challenging, inspiring, few in number, and stable. These objectives (or goals, in our framework) will motivate your team to action and will last long enough for them to see results. More than four or five objectives will scatter everyone's energy and be less useful. Keep focused and excited.

Strategies are meant to keep you focused on your goals by taking specific, concrete, measurable steps. Guy says good strategies are connected, active, pragmatic, and flexible. In other words, your strategies are connected to your goal, they move you in the direction you want to go--they are action oriented, practical and enable you to change directions quickly should external conditions change.

You might want to specifically develop your own Market Evangelism Plan. You may decide to use this for internal purposes only or include it as an appendix to your business plan. Either way works.

Exercise:

1. *Review the strategic plan you developed in Session 2 to see if it meets Guy's characteristics.*
2. *Does your mission statement meet the characteristics described above? If not, rework it until it does.*
3. *Examine the Goals you wrote down in Session 2. See if they meet the criteria listed above for the market evangelism objectives. If they don't, consider re-writing them from a market evangelism point of view.*
4. *Determine what strategies you can use to achieve the results you desire in the market place. Brainstorm. Get creative! Stretch. Think big. At the same time, be practical, specific, and focused.*

Consider reading Guy's book to gain more insight into being a market evangelist.

**Published by Harper Collins in 1991.*

NOTES

Chapter IX
How Will They Find Me?

You may remember a great baseball movie from a few years ago, "Field of Dreams." The theme of movie was, "If you build it, they will come." The movie was about a man, played by Kevin Kostner, who spent every dime he had to build a baseball field in the middle of Iowa. The movie ends with a long line of cars traveling up a dirt road carrying eager families ready to pay for the privilege of sitting in this ball field.

The movie illustrates two powerful points about marketing. One, if you build a better mousetrap, you must tell the world about it, and then you must deliver your service or product to consumers in a location that is convenient to them.

In retail, location is everything. Even in our increasingly service-oriented economy, a large part of marketing is still location. Consumers want convenience. They want personal attention. They want delivery when they want it, where they want it.

Having an effective marketing strategy will maximize sales in your niche. An effective market strategy means that you've specifically identified the potential customers in your niche and understand their needs and buying patterns. It also means that you communicate effectively so that they can make a purchase decision easily.

Whole books have been written on the subject of marketing (see the Appendix for a few), and this is not an attempt to reproduce them here. This chapter is designed to help you think through the strategic factors that go into creating an effective market strategy for promoting your products or services in your market niche(s). The chapter will also assist you in translating your market strategy into the terminology of a business plan, and will give you some more detailed questions to think about.

Market Strategy

Your overall market strategy is about how you identify the different and unique value you are creating in the industry you are in. How do you create a unique benefit for the consumer, satisfy a need more easily, create more value quickly? And, how do you deliver this value to the marketplace?

The general components of a marketing plan are:

- The type of business you are in.
- The segment of the market[s] you plan to reach.
- The distribution channel(s) you plan to use to reach your market segment(s).
- Your sales strategy.
- The advertising and promotional strategies you will use to support your sales.

- Customer support.
- The results you expect to achieve (i.e. share of the market) over time.

Distribution Channels

Distribution channels are how you deliver your products or services to the consumer. These can be things like distributors, brokers, agents, etc. You decide what channels to use based on your market and customer profiles.

For example, if you are in the publishing business, the traditional means of selling your books is through book distributors who in turn sell your books to bookstores. You may choose to use this traditional distribution means and/or bypass it in favor of non-traditional "niche" marketing, such as placing your books in bagel and coffee shops, launderettes, boutiques, restaurants, or using nontraditional marketing venues.

Many products and services are marketed directly to consumers through television sales, the Internet, direct mailers, telemarketing and email. Other channels include retailers, manufacturers representatives, independent sales forces, wholesalers, dealers, agents, network marketing, franchises, and so on. Depending on your choice of distribution channels, you will want to design your sales strategy to reach your targets. You will also plan your advertising and promotional strategies to support the means you have selected to reach the consumer with your message.

Sales Strategy

Selling, as opposed to marketing, refers to that portion of your strategy directly involved with exchanging value for dollars. Selling consists of communicating with consumers so well that they believe your product or service will provide them with the value they desire (i.e. you are meeting a legitimate need), and then getting them to make a decision to purchase your product or service.

Your selling strategy is framed by your choices of distribution channels, which, in turn, depend on your market niches and what industry you are in; however, there is a general pattern to the selling cycle:

- generating leads
- pre-qualifying
- presenting your information
- closing
- follow-up, tracking, and feedback

Generating Leads

Often called prospecting, this is essential to selling. You have profiled your potential customers. Now you must specifically identify them, whether they are wholesalers,

manufacturers' representatives, or end users of your services. You can generate leads through advertising, promotions, telemarketing, cold calling, referrals, direct response mail, and so on. One of the best sources of leads is often your own customers.

Pre-qualifying

Pre-qualifying your leads determines whether individuals have a genuine interest and need for your product or service. Through your market research, you will have identified the basic characteristics of your prospects with demographics and psychographics. Now you want to find out if the individuals whom you have contacted, who meet your basic profile, have a need that you can fill. Your best tools here are questioning and listening, in person, on the phone, or through e-mail.

Presenting Your Information

This is your opportunity to demonstrate the value of your product or service. You can do this by showing how it works, demonstrating, offering a free trial, a preview, testimonials, listing its benefits, etc. Having elicited your potential customer's needs, you tailor your presentation to what they want. You are the genie showing them what they can have.

Price is an important part of selling. A price perceived as too high may be a psychological barrier to closing a sale. Consumers are likely to perceive your prices as too high when they are reacting from the fear that they might make a mistake in purchasing your product or service. What's really going on here may be your feelings about your own product or service being reflected right back at you. How do you really feel about the value you are providing? Do you feel worthy to receive this sale? Do your customers feel worthy to own your product, or enjoy your service?

Closing

Closing a sale means getting a yes decision and consummating the deal. The deal's not over until the check's in the bank. There are many ways to close a sale, from a straight-forward exchange of money for goods, such as in a grocery store, to an elaborate contract for a multi-million dollar piece of equipment. In between is the art of persuasion.

In general, all purchase decisions are emotional decisions. People then tend to rationalize their decision to convince themselves they have made the right choice. That's where the objections come in. The biggest objections potential buyers make are "time" and "money." Either they tell you they can't afford it, or now's not the right time. Your job in closing is to help them over their own hurdle so that they can convince themselves they are making the right choice.

Follow-up, Tracking and Feedback

To succeed, you must follow up on your sales. You want to know how your product or service is working after the sale. You want to track the progress of your clients, their long-term satisfaction, their history with the product, their results. And you want referrals from them. Feedback from your customers is your most valuable key to success. Make your customers your greatest ally by asking their advice frequently and listening to what they say.

Advertising and Promotion

Advertising is how you communicate to the world about what you have to offer, claims you make about your product or service. Your advertising strategy will consist of the choices you make for advertising media, such as television, radio, print media, bill boards, etc., and your advertising message. Ideally, you have already set goals about what you want to achieve with your advertising campaign: name recognition, increased sales, generating qualified leads, identifying potential new distributors, etc. You may have a different objective in mind for each medium you select. For example, you may be advertising a new book on animal care. Your goal is to increase sales and promote yourself as a speaker. Your strategy will be to place appropriate ads in magazines that animal lovers are likely to read.

Good advertising results in potential consumers taking action. Have you ever watched late-night infomercials? Thousands of people call 1-800 numbers at two o'clock in the morning as a result of these ads. They take action. They request information. They purchase products. They order videotape programs. They respond.

Again, there are hundreds of books written on advertising. If you are a start-up company, you will likely be handling your own advertising in-house. As you grow, you might want to consider a professional advertising firm to handle your campaigns for you. Their approach should be, tell us what you want and we'll come up with a plan to achieve it. This should be your approach to advertising as well. Monitor and adjust your ads frequently to maximize the results you get.

Promotion consists of other ways of gaining exposure for your product or service—i.e. press releases for new books, products and programs, book signing parties for authors, demonstrations, trade shows, product displays, free samples, test rides, articles in trade journals. You may also want to use specialty items like coffee mugs, t-shirts, imprinted gifts and gadgets to promote your services and products.

Advertising also includes the support materials you use to close a sale. These can be audio tapes, video tapes, brochures, press releases, letters of introduction, presentation packages, price lists, and so on.

Place samples and reproductions of your advertising material in an appendix in your business plan.

Public Relations

If advertising is what you say about yourself, public relations is what other people are saying about you. Public relations includes publicity. (Often these are considered the same.) Publicity is keeping the press, and therefore the public, informed about your company, its products and its people. A definite must in this area is a press kit. Your press kit should include your latest press release information plus background information on the company, and free samples, if appropriate.

P.R. can also include major sales announcements, press releases, visits to editors of newspapers and magazines, trade show appearances, internal and external newsletter, reviews, articles, book or music CD signings, benefit events, etc. Be an active member of your community. Become visible. The press will come to you, and help you to sell your product.

Customer Service

Customer service is the area that can make you a winner in the long run. Remember one rule: **THE CUSTOMER IS ALWAYS RIGHT!** Customers are the reason you are in business.How will you handle complaints? Questions? Returned merchandise? Dissatisfied buyers?

Be as proactive in this area as you possibly can. Poll your customers. Follow up on sales the day after they are made. Provide immediate response to phone calls. Be friendly, be courteous, and most of all, let the customer be right.

Many products and services today require customer support after the sale. Anything related to computers, for example, requires ongoing customer support. One Internet company I know (which is no longer in business) experienced a power loss due to a fire in the building. They had no back-up source of power and were off-line for several hours. During that time, many of their customers' e-mail messages were never received. Customers called with complaints. Their response was, "stuff happens." Needless to say, they did not keep those customers for very long.

International Markets

Many companies today market internationally. Consumers in less developed countries are especially eager for American products. (Europeans seem to be not as eager.) Be aware that the rules change when you market overseas. Every country has its own rules about how to play the game. For example, U.S. copyright and patent protection may not be recognized in many Asian countries. Again, the use of "baksheesh" or "bribery" is an acceptable way of doing business in the Middle East.

Not only do the rules change, but so does the culture, the language, the preferences, the wants and needs, etc. Research your overseas markets thoroughly. I remember one massively unsuccessful marketing campaign when Chevrolet introduced the Chevy Nova in Puerto Rico with much fanfare, bill board advertising, and multi-media. What they didn't pay attention to was the fact that in Spanish, "no va" means literally "don't go." Who wanted to buy a car that wouldn't run? Develop your international marketing plan much the way you develop your domestic plan. Research your markets thoroughly and be aware of cultural differences. And enjoy your success!

EXERCISE 7
Stretch Your Self Image

One of the ways we often sell ourselves short as entrepreneurs is in the area of marketing. Most of us have negative associations about "tooting our own horn." In the past, we've been told to be modest, to be seen and not heard, not to interrupt, to fit in, not to make waves, don't rock the boat, etc. The trouble is the world of marketing, and especially advertising, is filled with companies screaming about their differences. If we enter the marketplace filled with our own self-doubts, guess what we're going to get reflected back at us.

The following exercise will help you stretch. Try it with your whole team.

Directions: Have a marketing strategy meeting for your project and come in costume. Don't give the team very much notice for this one. (Overnight is fine.)

The costumes are aspects of your product, your customers, and your advertising message. Ask each team member to come dressed as some part of the project they feel least certain about, or least comfortable with. (This will, of course, be a reflection of their own inner uncertainties.)

1. They may not go out and buy anything to make their costume.
2. The costume must be made with materials they find in their home or office.
3. The costume must demonstrate a commitment to the project.
4. The costume must reflect a message they want to communicate to the public.

At the meeting, each person will make a three to five minute speech to the team to convince them to buy your product or service.

Have fun with this one! Rate each person's speech. (On a scale of 0 to 10, how effective was this person in getting me to make a "yes" decision to buy?) Grade each person's costume. Give prizes for the most outrageous, the most fun, the most effective. Stretch, stretch, stretch!

Oh, yes, if you're having a regular business meeting afterwards, you must keep your costumes on until the end of the day!

♥ NOTES

Chapter X
Who's On First?

Remember the old Abbot and Costello joke, "Who's on first?""No, he's in the outfield"? It's important to know who the players are.

Having a qualified team is one of the most essential aspects of success in your business. Too many entrepreneurs make the unfortunate mistake of believing they have to do it all themselves. One of your greatest resources in building your business is your team.

It is not unusual for your team to change as your business grows. In fact, you should expect your team to change. The same team that is so dynamic at starting a project from scratch is likely not the same team that will sustain the company's growth at the million dollar level, or take the company public. One business advisor told me that in the first year of start-up for a new business, it is not unusual for the team to change eleven times.

In this chapter, we will explore the concept of team. You will discover what kinds of people you want on your team. You will discover how to manage teams. You will discover how to match team resources and talents to the task at hand. And, you will discover the magic of team, the synergy that develops when a group of like-minded individuals come together for the common purpose of creating the most successful enterprise ever. "Teamwork makes the dream work."

Building Your Team

Teams come in many shapes, forms and sizes. Consider when you put your teams together that first of all they must be like minded—that is, they love your idea as much as you do, and they are passionate about seeing this project be a success. It is especially important at the early stages of your project that you surround yourself with team members who are totally positive and supportive. You will have enough other obstacles to overcome without having to deal with negativity and doubts from your own team.

In selecting team members, there are several criteria you should look for. These involve matching your own skills and talents with the skills and talents needed to accomplish the tasks necessary to reach your goals. Session 3, at the end of this chapter will guide you through an analysis of your existing team members to explore this fit in depth.

As a preliminary guide to selecting team members, consider the following--for any idea to become a reality, you must:

- Make it.
- Capitalize it.
- Promote it.
- Administer it.
- Distribute it.

Create a profile of your existing skills and talents and select team members whose abilities complement yours, people who bring skills and perspective to the team that you may lack.

Also consider, when selecting team members, the difference between people who are process-oriented and people who are task-oriented. You will want both types of people on your teams.

Process people love to focus on relationships and communication. They tend to be more interested in the journey than the destination. These types of personalities can make the work go smoother and seem more fun because they are attuned to human relations.

Task-oriented people focus on completions. They move from task to task. They get things done. Once a job is finished, they are ready to move forward to the next one.

Don't make the mistake of selecting only team members who are like you. This is not what like-mindedness is all about. While you want to find team members who are as passionately committed to your dream as you are, you also want to balance your personality, skills, and temperament with people who will complement and complete your skills.

Understand what motivates people to start and finish projects. Wally Minto, creator of Alpha Awareness, discussed this distinction in terms of how people create mental images. Inner imagery is related to our sense of creativity. People access this inner sense in different ways and have different natural ways of expressing their creative abilities. Some people see no visual image at all when they close their eyes; they see the back of their eyelids. Others see full color pictures like a movie screen. Within these two types of people, some see or sense images that change very rapidly, even up to 30 or 40 times a minute. Others see or sense images that remain relatively fixed, maybe only changing one or two times a minute.

The importance of this distinction is that you want all three types of people on your team: non-visual imagers, rapidly changing imagers, and fixed imagers. Non-visual imagers, who are 8-10% of the population, have a great ability to organize random ideas and make sense out of things. They are good at the beginning of a project to create a blueprint or a model for the plan of action.

Changing imagers are useful in the middle phases of a project where things are constantly changing. They can get it working. They are adaptable and like change naturally. They have the ability to work on several things at once.

Fixed imagers can carry a project to completion. They are comfortable handling routine and are great planners. They remember detail forever. They tend to be bankers, lawyers and accountants.

Try the experiment on the next page with your team to see what types of personalities you have gathered.

Types of Teams

There are many different teams you will work with throughout the lifetime of your project. These teams may be short-lived, meeting for just one session to brainstorm an idea or give you feedback or perspective on an issue, or these teams may be long-term, lasting for the life of your project and beyond.

EXERCISE 8
What Kind of Imager Are You?

Directions: Have someone read the instructions that follow, or read them into a tape recorder and have the whole team participate at once. Allow short pauses between instructions. Refer to the text for an interpretation of this exercise.

- Sit comfortably, close your eyes, and relax. Take a couple of deep breaths and allow all the tension to leave your body. Create a receptive mood.
- Visualize a vase. What kind of vase is it? Is it made of metal, wood, glass, or what? What shape is it?
- Create a flat surface for the vase to sit on. What kind of surface appears?
- Imagine a flower coming into the vase. What kind of flower is it? Touch it. Taste it. Examine it from all aspects.
- Now imagine another flower coming into the vase. Is it the same as the first or different? Examine it as you did the first.
- Now imagine a third flower coming into the vase. Is it the same as the first two or different? Examine it as well. Touch it, taste it, smell it.
- Now take your finger and tap the vase. See what kind of sound it makes.
- Gently bring your awareness and presence back into the room and open your eyes.

After the group has completed the visualization, ask this series of questions:

1. How many of you, when you imagined the vase and the flowers and so on, saw only one image that didn't change, or change only slightly or a small number of times?
2. How many of you, when you imagined the vase and so on, saw an image that kept changing, or changed many times, or changed rapidly?
3. How many of you saw no visual image at all?

Home Team

Perhaps the most important team for a start-up entrepreneur is your home team—your spouse, significant other, children, parents, close friends, and other loved ones who will support you personally, encourage you, and cheer you on. Don't discount the support you get from this team. Acknowledge them, thank them, have regular team meetings with them, tell them they are appreciated, and let them know specifically how they can support you.

Power Team

Your high-performance power team consists of anyone who is willing to work with you to help you run and manage your business. This could be your business partners, co-owners, managers, or other officers of the company. This could also be friends and colleagues who believe in you and want to help you get it going. This team can change as you move from start-up into full operations.

The members of your high performance team can be compensated as regular employees of your organization who receive a salary, or as contracted employees, or consultants. They can receive compensation for service now, or they can receive deferred compensation in the form of salary or fees paid when you raise your initial funds, and/or in the form of stock or ownership in your business.

Many times, people will help you for a short while as an advisor or a mentor without asking for compensation at all. Consider gifting these individuals with a small amount of stock in your company as a way of saying thank you.

Master-Mind Team

A master-mind team is a group of individuals who meet on a regular, consistent basis (usually weekly) to support one another in business endeavors or other activities. This team is composed of individuals who have no direct contact with your business and who are each working on projects or businesses of their own.

Napoleon Hill, in his book *Think and Grow Rich*, talks about master-mind groups as a key strategy used by every successful business person. What your master-mind group will do for you is give you an independent perspective of your day-to-day problems and issues and help you face them honestly and creatively. Your master-mind team may also connect you to resources and contacts you could not access on your own. This is one of the most powerful teams you can form.

In general, the master-mind team meets for an hour a week. The meeting begins with an acknowledgment of Higher Power as the source of all inspiration and creativity. Each person, in turn, then shares his or her problems or emotions for the present time. The group then turns to positive solutions. There is no criticism, no negativity, only focus on results. The team offers brainstorming solutions, ideas, contacts, referrals, and other support. The group then closes with a renewed commitment to mutual support and success for the week ahead.

Board of Directors

In a corporation, the Board of Directors is a formal structure. In other types of business organizations, a Board of Directors may be a less formal structure.

The Board consists of a Chairperson and members. The Chairman/Chairwoman of the Board may be you, or you may desire to bring in someone else to fill that role. The Board Chair runs meetings, and can organize and direct the board and play an essential advisory role to you. In a corporation, the Board also appoints or elects the officers of the company, namely, the President, Treasurer and Secretary.

The Board of Directors may be compensated or not, depending on your agreement. The Company can pay for Board members' expenses to attend meetings and take care of company business.

Selecting a Board should be done with an eye toward surrounding yourself and your management team with advisors who are experts at what you are doing and who can add to your public credibility and management resources. Think, for a moment, about who you know, or know of, who has accomplished something similar to what you are planning to achieve, or who has come from a similar background, or made a similar impact in the market place. Seek these individuals as advisors and Board members.

Advisory Board

You may also want to create an Advisory Board of experts and mentors who will provide advice and be a sounding board to help you move your business forward. Your Advisory Board can consist of business people from other fields, experts in your own field, suppliers, manufacturers, customers, distributors, marketing experts, and other professionals whose name and expertise will lend added credibility to your venture.

Advisors may choose to serve for free. You can also choose to compensate them with stock and/or fees. Many will choose to help you for the rewards of being able to share their expertise and experience and make a positive difference for you and your customers.

Advisors should be called upon sparingly. Negotiate in advance and agree to the terms upon which they will serve your company. This may be a monthly meeting of several hours, weekly telephone calls, email, or any combination. Be certain to agree in advance and be respectful of their time.

Creative Teams

Creative teams are groups of individuals who help you flesh out an idea, focus a campaign, or solve a particular problem. A creative team can exist for a single meeting. Creative teams generally have a short life-span, as the problem gets solved and you move on to the next task or issue.

The point about teams is there is strength in numbers. Use them; don't abuse them. And ask, ask, ask. Most people will be happy to say yes if your request for participation is clear and they are like-minded with your project. People love to be helpful. Give them the

opportunity to take part. Give them the pride and recognition for making a contribution. Invite them to be on your team!

Managing Team Resources

It is essential to have clear communication with your team. One way to achieve this is with written team agreements. This can be as simple as a letter agreement spelling out what your team member is expected to do and what you are offering in exchange in terms of compensation and recognition. You may also want to define the conditions under which the agreement may be broken without fault.

In many cases, a start-up team may choose to participate in your project for deferred compensation. It is not unreasonable to agree that the team member will be paid in stock or fees or both only if he or she participates fully for a year. Any scheme of compensation is fair, as long as you both agree to it.

When you have team meetings, keep them short, on time, and focused. Most meetings should take place in less than an hour. Have an agenda for every meeting and stick to it. Begin your meetings with a few moments to acknowledge each person who is there and check in to see how they're doing. Open with prayer and ask a blessing on your time together. Move through the agenda rapidly, moving to the next item as soon as each one is covered and dealt with appropriately. Give thanks at the end of the meeting for each person's contribution.

Keep your team meetings focused on positive outcomes and solutions. If negative comments, complaining, or criticizing should occur, gently ask the person to switch to positive comments, and move on. If someone is not performing, invite a new player to join your team. Never ask anyone to step down or quit your team unless it is absolutely imperative. Then, do it in private. You will find, as your meetings progress, that those individuals who are not totally like-minded with you and your project will drop out, and you will replace those team members with higher-performance players.

Teams and Your Business Plan

Team members provide an essential part of your business plan. Investors want to know if your idea is proprietary, if the market has been tested, and whether you have the team to successfully carry out your vision. The right team members are powerful money magnets to draw the capital and other resources you need. In describing your company to investors, you will want to include information about your team members. This includes their:

- Full name and title
- Credentials
- Relevant experience
- Awards or other public recognition

For those team members who are also officers in the company or on your management team, also include brief job descriptions indicating areas of authority and responsibility. Describe any strategic alliances including venture partners, distributors, suppliers, etc. List your Board of Directors, with brief summaries of their credentials. Do the same for your Advisory Board. Include full resumes of all your principal officers and Board members in an appendix, or have them available for review by your investors.

♥ NOTES

SESSION 3: RESOURCES AND SUPPORT

Total Time: 6-8 hours

In this session, you will again gather your whole team. Plan on a full-day retreat or several shorter sessions to compete these processes. Again, designate a facilitator, recorder, time keeper, and assign other roles as needed.

Materials: For this session, you will need a large flip chart and masking tape, so you can hang the sheets of paper on the wall around the room.

Session A: Team Strengths and Appreciation (2_-3 hours)

Process:

1. Select a person to be first. Then circle the group clockwise and repeat the process for each person. Spend about 10 to 15 minutes for each person in the group doing this exercise.
2. Have the group collectively identify the strengths and talents they see in the first person. Have the recorder put the person's name at the top of the flip chart and write down the characteristics the group is describing.
3. After the group is done, have the person share with the group their own self-assessment of their strengths and talents and add these to the flip chart sheet.

4. Have the team member then identify which talents and skills he or she likes to use. Cross out anything that was identified by the team that the person doesn't love doing.
5. Post the flip chart sheet on the wall, give that person a round of applause, and celebrate who they are. Then proceed to the next member of the group.

Session B: Task Analysis (2-3 hours)

Process: In this session, you will realistically assess the skills needed to accomplish your goals and objectives. For each task or project, or phase of development, use a separate sheet of flip-chart paper. Have the recorder post these around the room. You may focus on a specific task or objective, or consider these more general questions:

- *What skills, etc. are needed to:*
  - *Design it?*
  - *Make it?*
  - *Market it? (Advertise? Promote? Direct sell?)*
  - *Support it? (Training? Customer support?)*
  - *Keep abreast of the industry? (Market research, R&D)*
  - *Administrate it?*

Session C: Matching Talents and Tasks (1-2 hours)

Process: Refer to the flip-chart sheets you created in Sessions A and B.

1. *Beginning with the Task Analysis from Session B, identify which skills, etc. listed on the sheets are covered by the current team. Place a check mark in front of each required skill or talent that is covered by an existing team member. Make sure these are things the team loves to do.*
2. *Identify which skills, etc. you need to recruit additional team members for. Circle each one of these on the flip charts from Session B.*
3. *Brainstorm: Where will you find individuals with the skills you require to successfully complete your tasks? How will you recruit them?*

Follow-up and Completion:

From this exercise, you will be able to create job descriptions for the members of your team, including management, staff, consultants, etc. You will also identify training needs for existing team members and personnel. Develop your personnel action plan to include present and future job descriptions, training and development for staff, and a system of rewards and acknowledgment for performance. Celebrate your completion!

Chapter XI
Money and You

Money is in the eyes of the beholder! Hopefully, money is in your eyes now. By now you have done the work of developing your product and market strategies, and have put your team together to attain your vision. You are beginning to see it work its way into reality. You're beginning to see the possibility that you might actually make a profit.

Now is the time to put the results of all your hard labor into dollar terms. Dollars are the language of investors and lenders, whom we will talk more about in the next chapter. For now, you want to complete the process of understanding how your business is going to work to make you a fortune by understanding the financial relationships inherent in your strategic plans. Hopefully, you will have developed a scheme to sell enough product at a high enough price to cover all the costs of manufacturing, distribution, shipping, marketing, advertising, administering, supervising, etc. and still have money left over for you, and your team, and your investors, and, oh yes, something to put back into your company.

Money brings out people's inhibitions. It brings out their fears. Entrepreneurs are usually wildly optimistic about the rave response the market will have to their latest offering, expressed as a gigantic revenue projection, and tend to be wildly unrealistic about how much that level of success will cost to attain. The result is not asking for enough capital up front because you think you can do it all yourself.

What's really going on is our own inadequate sense of self-worth, of deserve, of lack of self-importance cause us to devalue what we have to offer and to inflict pain and punishment on ourselves instead. Rather than head into an unrealistic forecast of the numbers, let's clear the issues and get on with a successful life!
(Check the exercise on page 70.)

Developing Your Financial Plan

Your financial plan shows the summary of all your proposed activities—generating revenue, covering expenses, meeting current obligations, managing cash, adding to the overall value of the company, and rewarding owners and investors. To be successful, you must be able to translate your ideas into meaningful projections, knowing that your plan will likely be changed and adjusted along the way.

Session 4 guides you through the actual development of your financial plan. *(Refer to the end of this chapter for Session Guidelines.)* You, the business owner, need to become intimately familiar with the financial workings of your own business so that you can maintain overall control and guidance. Your investors need to know that you have a firm grip on the business side of things as well as the creative side, and to know that their needs are being addressed and met.

Where's Your Passion?

Before you begin to actually put the numbers together, answer the following two questions:

- *Why do you think you'll be successful?*
- *Why should an investor invest in you and your project?*

Answer these questions in words, not in numbers! The importance of these questions is to re-kindle your enthusiasm and keep sharply focused in your mind why you are doing this in the first place. You must be able to convey to your investors and your advisors why you are charting a certain course.

What Do You Want?

Now answer the next question, in words, as well:

- *What do you want?*

_____

SAMPLE
SIX MONTHS OPERATIONAL BUDGET

ITEM	MONTHLY	SIX MONTHS
Telephones	$ 700	$ 4,200
Rent	$ 1200	$ 7,200
Office Supplies	$ 800	$ 4,800
Copy Service	$ 500	$ 3,000
Printing	$ 1,800	$ 10,800
Travel	$ 3,000	$ 18,000
Postage & Shipping	$ 1,000	$ 6,000
Executive Salaries	$18,000	$108,000
Support Staff Salaries	$ 1,800	$ 10,800
Marketing & Promotion	$ 1,500	$ 9,000
Product Development	$ 2,000	$ 12,000
Packaging	$ 500	$ 3,000
Fax Machine	$ 200	$ 1,200
Insurance	$ 700	$ 4,200
Car	$ 800	$ 24,000
Legal & Accounting	$ 1,500	$ 9,000
Miscellaneous	$ 3,000	$ 18,000
TOTALS	**$39,000**	**$234,000**

EXERCISE 9
Why Do You Deserve To Be Rich?

How many of you, when you looked at the budget on the previous page, thought the total figure for the six-month budget was a large number? If you did, this exercise is for you.

Directions: This is another paired question exercise. (Refer back to Chapter IV for basic instructions.) You and your partner sit face to face, knees touching, and look each other in the eye.

Partner A asks, *"Why do you deserve to be rich?"* and Partner B responds, *"I deserve to be rich because . . ."* Partner A repeats the question, with Partner B responding, until time is up. (Do this for about 5 minutes.) Then switch roles, with Partner B asking the questions, and partner A responding.

You might want to do some journaling or sharing afterward to discuss what issues came up for you in this exercise.

NOTE: *If you're doing this exercise alone, try talking to yourself in the mirror, or journaling with yourself.*

This is your wish list. If you could have everything you needed to run your business as successfully as possible, what resources would you want to gather around you? Do the dream! Make your operation first class.

After you have refocused your passion, you are ready to begin putting together a preliminary budget for your company or project. Begin with your near-term cash needs. Look at the sample budget and answer the questions below:

- *How much cash do you need to get started?*
- *What do you need it for?*
- *What will you do to generate revenue? (how much? when?)*

Start-up capital is like priming the pump. In order to get your cash machine going, you have to put a certain amount of cash in before a steady stream of returns starts to flow. Initially, you will put more money in than what you take out. This may be true for a month, several months, a year, several years. Don't give up! Keep pumping. The bigger the eventual revenue flow, the more money you may have to initially put in.

Remember, start-up or seed capital, is generally intended to prove the market feasibility of your idea. This can often be done with relatively little initial investment. Then you are ready for the next phase of capital development, which may entail initial up-front expenditures for manufacturing, advertising, and the like.

Often you can avoid these up-front costs as well. For example, suppose your product is being sold on television through infomercials. The initial cost of your infomercial may be around $20,000. Then, as it is run on TV and orders (and payments) start to flow in, you then have enough money to cover manufacturing and delivery within the promised six to eight week time period. Sometimes you can get an infomercial company to co-op the air time in exchange for a share of the profits.

See what other creative ways you can come up with to minimize the up front costs and maximize your leverage.

What Do You Need?

Now, it's time to get practical. What will be your ongoing (operational) expenses for:

- *Raw materials? (Cost Of Goods Sold)*
- *Marketing (materials, advertising, media, brochures, etc.)*
- *Sales (commissions, salaries, people costs.)*
- *Salaries and benefits*
- *Operations (rent, utilities, supplies, insurance, taxes, etc.)*
- *Debt service*

Look at the sample budget page again, and put your expenses in those or similar categories. (Use the worksheet at the end of this chapter.) Be realistic! Don't underestimate, but don't go overboard either. Remember, this is a plan. It's much easier to change a plan in the board room than in the field. Now, all it takes is an eraser. Later, it will take a checkbook.

Also, don't forget to pay yourself (and pay yourself well!) You should put yourself on salary and give yourself a raise every six months. Again, be realistic. A reasonable starting salary is $3000 to $5000 per month. Plan on giving yourself, and your team, generous pay raises, bonuses, and other benefits at every milestone of success. Don't, however, go overboard and buy expensive furniture, $20,000 board room tables, jet planes, etc. out of your start-up capital. That's not what it's for. (Save those as rewards for achieving success.)

Your six-month budget, which will turn into your twelve month budget, is the basis for your Income Statement (also called Profit and Loss Statement), which is one of the key documents investors and lenders will want to see. The basic difference is the level of detail.

Completing the budget will give you a thorough understanding of the operations of your company. In order to complete this projection, you will need to understand:

1. **Your revenue projections:** *What drives them? Market penetration assumptions? Proven orders? Estimates based on competitors' sales?*
2. **Your cost structure:** *How are costs related to sales? What are direct costs of producing your product or service? (called "Cost of Goods" or "Cost of Service") What percent of gross sales are advertising and R& D? (Usually 20% and 3-5%, respectively.)*

3. Y**our company growth:** *How many employees do you plan to hire? How often? How fast? How will you train them? Compensate them? Retain them? How does this translate into dollars?*

How Much Has Been Invested So Far?

Investors will inevitably ask you how much money you've already put into your business. Think hard before you answer.

How much time, energy, effort, intellectual property, prototypes, equipment, etc. have you already invested on your own behalf? And how much of the same have other people "donated" to you? This is all considered to be an investment. Don't underestimate it. Particularly if you are a corporation and have already issued yourself stock (which you need to do to be a viable company,) consider the "value" you have exchanged for your ownership of the company. Include investment in-kind as well as actual dollars you've put into the company.

Also be clear about the outstanding liabilities of the company. Besides direct loans that you must pay back, consider also the "deferred" salary you and your team may be taking. Treat this also as a loan to the company which must be paid back, and show it in your financial statements. Treat yourself as any other investor in the company.

- *How much have you already invested? (Debt? Equity?)*
- *What are your outstanding liabilities?*

How Will You Manage Your Success?

Finally, be clear on how you plan to manage your cash flow, accounts payable and accounts receivable. Also recognize the need to compensate your investors.

Typically, new companies do not pay dividends for the first one to three years of operations as you are building the company. You must, however, have a plan for both long-term growth in the value of owners' stock, and a way for them to withdraw funds from the company and end their investment with you, should they so desire.

More on this in the next chapter. For now, make note of your answers to the following questions. How do you plan to:

- *Meet your current obligations?*
- Receive revenue (manage accounts receivable)?
- *Pay monthly expenses (including taxes)?*

Financial Statements

Financial Statements are an essential part of your business plan presentation. Forms for you to use in developing your financial projections are found at the end of this chapter. The following section provides a brief description of each form.

Budget

The budget is your detailed breakdown of revenue and expenses. You should calculate this monthly for at least the first year. You may need several worksheets to precede your budget calculations, showing a detailed look at your revenue projections (and the assumptions you made to get them,) and a detailed breakdown of your expenses.

Income Statement (Profit & Loss)

The Income Statement, also called a Profit and Loss or "P & L" Statement, contains the same information as your detailed budget, but does not show the detailed breakdown of revenue and expenses. It also shows your before and after tax profit.

Sometimes it is preferable to show this statement to your lenders or investors, rather than the more detailed budget. If this is the case, be sure to have your budget projections available if needed.

Your P & L Statement should be prepared monthly for the first year, and annually for five years (including the first-year summary.)

Cash Flow

The *Pro Forma* Cash Flow Statement shows the timing of revenue and payments in real calendar terms as opposed to accounting terms. The difference is, during any given month, you may add revenue to the books and not collect it (accounts receivable,) incur expenses that you haven't yet paid for (accounts payable), and include depreciation in your accounting statements. The cash flow statement also shows financing assumptions that are not part of your budget, such as loans received or paid back, investments, etc. This is essential information for managing the day-to-day operations of your business. Your Cash Flow statement should also be prepared monthly for the first year, and annually thereafter.

Balance Sheet

The Balance Sheet shows the assets, liabilities and net worth of the company at any given point in time. It reflects your capital acquisitions, such as major equipment, buildings and real property, as well as shareholder equity. The importance of this view of your business is to determine the increase in value over time.

It also guides the investor to an assessment of the potential growth of his/her investment, by looking at how much capital must be put in initially relative to the eventual net worth of the company.

SAMPLE
XYZ Corporation Financial Summary

Year	2010	2011	2012	2013	2014
Sales	$_____	$_____	$_____	$_____	$_____
% Growth		_____%	_____%	_____%	_____%
Gross Profit	$_____	$_____	$_____	$_____	$_____
% Growth		_____%	_____%	_____%	_____%
Operating Income	$_____	$_____	$_____	$_____	$_____
% Growth		_____%	_____%	_____%	_____%
Net Income	$_____	$_____	$_____	$_____	$_____
% Growth		_____%	_____%	_____%	_____%

PRESENTATION

In presenting your financial analysis in the business plan, be sure to explain the methodology and assumptions you are making, and summarize the results for the investor. For example, how are your revenue projections made? Are they based on known client contracts? Estimated market share? Manufacturing capacity? How is your marketing plan tied to the revenue projections you are showing? Where does R&D fit in your product development strategy, and is that reflected in the numbers? What's driving your cash flow? How are you managing to cover a negative cash balance? Are there any large or unusual items, such as other assets, accounts payable, or accrued liabilities? In other words, make sure your financial assumptions make sense.

Also discuss briefly the results for each of the financial statements that you are including in your business plan, and identify significant features, like sales growing 400% per year, or expenses decreasing over time due to volume discounts and increased buying power in the market. Use the table on the previous page as a template to summarize your financial forecast.

Now that you've completed the financial analysis of your business, you're ready to think about your capital plan and how to best meet the needs of potential investors while raising the cash to move your project forward.

♥ NOTES

SESSION 4: FINANCING

Total Time: 6-8 hours

In this session, you will again gather your whole team. Plan on a full-day retreat or several two-hour sessions to compete these processes. Again, designate a facilitator, recorder, time keeper, and assign other roles as needed.

Use the questions in this chapter, and the worksheets in the back of the chapter to complete your process. The timing for each section is suggested below. At the completion of Session 4, you should be able to prepare full five-year financial projections for your project. Again, remember to celebrate your completions!

Session A: Financial Focus **(1-2 hours)**

Use this session to begin to orient your team toward financial analysis by reminding yourselves why you are doing this project, and what it takes to bring it to the most successful conclusion possible. From the text, answer the questions under the headings ***Where's your passion?*** and ***What do you want?***

Think big! Let this session stir your passion. Make "Wish Lists" of every possible item, person, service, resource, you could possibly use to make your project the most successful possible. Let the creative juices flow!

Session B: Operational Reality **(3-4 hours)**

Operating Budget

Now is the time to begin putting together your start-up budget. This will lead you to establish priorities on your "wish list" and determine your actual needs. Go through the text section "What do you need?" and use the sample budget and worksheet at the end of this chapter to develop your operational budget. A suggestion here is to think big. Generally, you will want to ask for at least six months operating capital, or "working capital" as you raise your initial funds. Ask for more than you think you need. An adage of planning is, it always costs more and takes longer.

Capital Budget

Besides your operational budget, you will want to create an additional start-up budget that represents the one-time expenses you will incur in beginning operations. This can be purchases of capital equipment, such as land, buildings, and improvement, manufacturing equipment, office machinery, computers, furniture, store fixtures, etc. This start-up budget will represent another part of the start-up monies you will need to raise. Prepare a separate budget for these items.

Session C: Assets and Assumptions **(1-2 hours)**

Finish your projections by looking at existing balance sheet items: any outstanding liabilities or debt, and the level of capitalization already in the business. Also consider how you will manage cash flow, ongoing operations, compensation for owners and investors, etc. Use the questions in the chapter, and the sample worksheets as your guide. The important consideration is that you and your team must make *decisions* about your financial future.

A few basic rules of thumb, in completing your spread sheets:

- Advertising alone can run 20% of your gross revenue. Total marketing expenses may run as high as 40% of gross.
- Don't underestimate Research & Development. While 1-2% of gross may seem like a lot of dollars, in an industry of rapid product turnover, where you want to be an industry leader, even 35% of gross may not be too high.
- Net income before taxes is likely to average 10% to 20% of gross revenue. This is considered a good return on investment.
- Do not be afraid of negative cash flow your first few months of operations. Investors are leery of a project that show a profit from day one. You may not be in the black for 18 months to 3 years. You can manage this with short-term borrowing against accounts receivable and other assets

♥ NOTES

Operating Budget Worksheet Template

Operating Expenses	Initial Monthly Amount	% Growth or $ Increment
Sales & Marketing:	$	
Advertising	$	
Commissions	$	
Salaries	$	
Other	$	
Total Sales & Marketing Costs	**$**	
Total R&D Costs	**$**	
General & Administrative:	$	
Legal & Accounting	$	
Salaries & Wages	$	
Office Rent	$	
Supplies	$	
General Admin	$	
Insurance	$	
Licenses, Permits & Fees	$	
Taxes (non-income)	$	
Utilities (incl. Telephone)	$	
Automobile/Transportaitl	$	
Bad Debt	$	
Depreciation	$	
Misc.	$	
Total G & A Costs	**$**	

Income Statement Template

	Initial Monthly Amount	% Increase or $ Increment
Sale		
Product/Service A	$	
Product/Service B	$	
Product/Service C	$	
Total Sales	$	
Less Cost of Goods Sold	$	
Gross Profit	$	
Operating Expenses		
Sales & Marketing	$	
Research & Developent	$	
General & Administratiion (w/o depreciation)	$	
Depreciation	$	
Total Operating Expenses	$	
Income From Operations	$	
Interest Income	$	
Interest Expense	$	
Income Before Taxes	$	
Taxes on Income	$	
Net Income After Taxes	$	

Pro Forma Cash Flow Template

Sources of Cash	Monthly Amount
Operations during the year:	
Net Income After Taxes	**$**
ADD Items not decreasing cash	**$**
Depreciation	**$**
Increase in Accounts Payable	**$**
SUBTRACT items not increasing cash	**$**
Increase in Accounts Receivable	**$**
Increase in Inventory	**$**
Cash From Operations	**$**
Financing & Other Sources of Cash:	**$**
Sale of Stock	**$**
Proceeds from Loans	**$**
Sale of Investments	**$**
Reduction of Assets	**$**
Cash from Operations & Financing	**$**
Applications of Cash:	**$**
Payment of Dividends	**$**
Purchase of Assets	**$**
Repayment of Loans	**$**
Other	**$**
Increase/Decrease in Cash	**$**
Change in Cash Balance:	**$**
Beginning Cash Balance	**$**
Increase/Decrease in Cash	**$**
Ending Cash Balance	**$**

Balance Sheet Template

As of _____ , 20____

Assets	Dollar Value
Current Assets	
Cash	$
Accounts Receivable	$
Inventory	$
Other Current Assets	$
Total Current Assets	**$**
Fixed Assets	**$**
Land	$
Buildings	$
Building/Leasehold Improvements	$
Machinery & Equipment	$
Vehicles	$
Other Assets	$
Less Accumulated Depreciation	$
Total Fixed Assets	**$**
Total Assets	**$**
Liabilities & Owners' Equity (Net Worth)	**$**
Liabilities	**$**
Accounts Payable	$
Other Payables	$
Short-term Debt	$
Long-term Debt	$
Total Liabilities	**$**
Owners' Equity (= Total Assets - Total Liabilities)	**$**
Total Liabilities & Net Worth	**$**

Chapter XII
Money and Your Investors

What is money? Money is a medium of exchange. Money is a store of value. Money is a unit of account. Money is energy. Money is the fuel that runs our dreams. Money is the result of highly organized, God-given talent.

Many of us have misperceptions about money. We have limiting beliefs about money. We fear it. We treasure it. We get hung up about it. Hopefully, in the last chapter, you cleared some of your issues about money. Now it is time to shift your perspective even further.

In this chapter, we will look at money from the point of view of your investors. Investors view money as a commodity. They amass money to make more money. They steward this precious resource, put it to work, and make it grow.

Actually, money is not a precious resource at all—it is in infinite supply. We all know that in this country, as in all others, it is against the law to print your own money. However, in the United States, and most other capitalist countries, it is perfectly legal for any ordinary citizen to form a corporation, issues shares of stock, and thereby create new money. The effect is just the same.

Money also represents an exchange of energy. In the early days of our country's history, before we had a uniform currency, people used to complete deals on a handshake and exchange labor for labor or other services. If I helped you roof your house, you might shoe my horses in exchange. If I were starting out on a new venture, such as staking a mining claim, or opening a general store, the community might pitch in and provide me with supplies and materials (and perhaps, also money,) to help me get started. They would also expect a share of the profit if I made a return.

Today's investors are no different. They are more sophisticated, perhaps, but at heart, they are in the game, as it were, to assist new projects to launch and be successful. Since there are so many more projects and companies starting today compared to a hundred years ago, investors have grown more selective about which projects they put money into and what they expect in return.

Many entrepreneurs who are just starting out in the capital game we call free enterprise make the mistake of thinking that investors are somehow better than they are. This is not the case. Entrepreneurs have something more precious than money. Entrepreneurs have God's capital, called ideas, and the willingness and courage to take those ideas and make them happen in the marketplace. Investors only have money. And what is money after all, but dead presidents?

In this chapter, we will explore the various possibilities for bringing money into your project, the different strategies you can use in developing your capital plan, and how to package and present your program to investors.

Types of Investments

Investments come in many sizes, shapes and forms. Two basic types of investments are debt and equity. A debt investor is a lender. He or she will lend money to your company with the expectation of an agreed upon rate of interest and the return of the principal at some specific point in time. An equity investor actually owns a portion of your company and expects a return in the form of dividends or a share of the profits as long as he or she keeps their money in your project. An equity investor also expects to gain when she or he sells their share of your company, whether it is through publicly traded shares of stock, or selling their portion back to you.

When you are raising capital for your business, there are only six basic things you can use that capital for:

- Working capital
- Research and development
- Acquisitions
- Capital equipment
- Marketing
- Seed capital

Working Capital

Working capital is the monies you need to cover your day-to-day operations. If you are a start-up company or new venture, you should plan to cover a minimum of six months of operations before you begin to show a profit. For some projects, this can be eighteen months, or longer.

Capital Equipment

Capital equipment is the physical machinery you use in your business, such as computers, fax machines, phone systems, as well as manufacturing equipment, vehicles, etc. Anything physical that you use to make or deliver your products and services that is not used up and you keep in service for longer than a year, is considered capital equipment.

Research and Development

Research and development refers to the activities you engage in to maintain your competitive edge, including new product development and research. Start-up companies often underestimate how long a product or service will stay viable in the marketplace and how much it takes to stay current and remain innovative.

Marketing and Advertising

Marketing and advertising refer to all of the activities you engage in to expand your market presence, including marketing communication, free publicity, etc. Usually you will engage in a massive marketing and advertising campaign coincident with the launch of any new venture, new product, or new market opportunity.

Acquisitions

Acquisitions refers to expanding your business by purchasing or taking over other companies. Sometimes, this is your best opportunity to expand overnight.

Seed Capital

Seed capital refers to the monies you spend investigating the market feasibility of a new idea. This does not usually require a lot of money, nor should it require a lot of time. People often get confused and think of seed capital as all of your start-up monies. This is not the case. Remember, investors want to know that you have a proven idea in the market place. Seed capital allows you to answer this question.

Now, the interesting thing about all these uses of investment dollars is that some are more appropriate for equity, and some are more appropriate for debt financing. Generally speaking, equity financing is most appropriate when you are engaged in activities that will increase your net worth. Debt financing is most appropriate when you are engaged in activities that do not directly produce revenue or profit.

Here are the six possible uses of investment funds listed again with their most appropriate types of funding:

- Working capital . . . . . .debt
- Capital equipment . . . . . .debt
- R & D . . . . . .either/both
- Marketing . . . . . .either/both
- Acquisitions . . . . . .equity
- Seed capital . . . . . .equity

WHAT INVESTORS WANT

To a typical investor, your business represents an investment program. Imagine that the investor is sitting in front of a table piled high with money. The investor is literally saying to himself or herself, "I have a pile of money. What I want to do is make my pile of money grow. What's the best way to do that?"

In general, investors will take three factors into consideration:

- Risk
- Return
- Security

Different investors will have different priorities about what they want.

Generally, there is a trade-off between risk and return. The higher the risk, the greater the expected return. In looking at return, investors usually want to know "how much?" and "when?" This is referred to as an exit strategy.
Security refers to the ability of the investor to collect his or her money back from you should your project fail. Lenders often ask for collateral, such as physical assets which they can repossess should you fail to pay them back. Equity investors may ask for rights to your proprietary products or programs, or other recourse to recovering their investment should you fail to produce the anticipated results.

What investors want depends on what their entire investment strategy is. Find out what they want, and give it to them! Profile your investors. Is your investor putting his or her entire life savings into your project? If so, she or he is likely to be most interested in security. Is your project a small portion of someone's speculative investment portfolio? If so, the investor might be most interested in a high rate of growth and a quick exit strategy.

Basically, your objective is to find out what your investors want and give it to them. You will address the questions of risk, return and security quite differently if you are seeking a loan versus equity funding. If you are seeking funds through traditional lending sources such as the Small Business Administration (SBA), for example, you will need to offer collateral for 80% of the funds you are seeking to raise, which is the maximum the SBA can lend. A venture capitalist is less likely to be interested in collateral. Venture capitalists who invest in start-up projects tend to want 20-30% ownership of your company, may stay with you anywhere from 2-3 years up to 10 years, and want a substantial return upon exiting their investment, perhaps 200% to 300% of their original investment.

Capital Strategies

If you are seeking to raise funds through equity financing, you must first provide the legal structure to do so. You may do this through a partnership agreement with your investors, or your business may be incorporated. You may also choose to form a limited liability corporation (LLC), which is a more recent option for businesses. Please consult with your attorney for the most appropriate choice of structure for your business.

Since most people seeking equity financing form corporations, this chapter will focus on the corporate form of business. Be aware that private placements of stock are regulated by the Securities Exchange Commission (SEC) as well as by the laws of each state. The advantage of an LLC is that you may bring in investment partners without being subject to SEC regulations. Please consult your attorney prior to making any offer involving an exchange of funds for a portion of ownership in your business.

Your first consideration in developing a capital strategy is to think about the long-term needs of your company. How much total funds do you anticipate raising? Generally, you will stage your investment offerings. Your initial capital offering will shape all future offerings. You must consider how much of your company you want to sell during each round of investment, and how much you want to remain in your control after all the rounds of financing are complete.

Secondly, what do you anticipate needing funds for? Remember the investment categories described earlier. If your long-term needs are focused on research and development, product feasibility studies, marketing, capital acquisitions, and mergers, you are most likely focusing on equity financing. If your long-term needs are for equipment, buildings, and improvements, with some working capital for expanded operations, you are a better candidate for loans.

Realistically, you will want to balance your long-term capital strategy to include both, and you may also consider issuing debt instruments early in your company's development which are convertible to an equity position later on. Again, please consult your attorney for legal advice on these issues.

A staged capital offering can look something like the example on the next page. Notice that in the example shown, early investors are favored by receiving a larger interest in the company for the same dollar investment (that is, they can buy more stock at a lower price.) This is done to compensate for the riskiness perceived by those early investors who are the first to invest in the company. Later investors will expect to pay a higher price for the same amount of stock because the risk factor has been reduced. They will also not receive as great a return through increased stock value as early investors.

Another capital strategy you may want to consider is called a Revenue Participation Agreement. This form of offering is like a loan, but has a stipulated payback out of the net proceeds of a particular project. It is most appropriate for projects that have an isolated revenue stream and are relatively short-lived, such as a music CD or a book. The offer consists of a commitment to repay the investor(s) first as soon as the project becomes profitable, sometimes offering as much as 75% of the net profits until the original investment is returned. Thereafter, you may offer investor(s) a pro-rated share of a smaller amount of the net profits, say 25% or less, for the life of the project. If the project is wildly successful, as you intend it to be, the investors stand to gain a substantial return. This is their return for risk.

CAPITAL STRATEGIES

Example of a Staged Capital Offering

1. ***Shares of Stock Issued:***

The total number of shares of stock issued is 5,000,000. The total number of shares sold, after all capital is raised is 175,000 (3.5%).

2. ***Rounds of Investment Funding:***

Funds will be raised according to the following strategy. All stock holders may receive dividends, and must hold their stock for a minimum of three years.

	Investment Unit	Percent of Issued Stock	Number of Shares	Value Per Share	Cumulative % of Stock Sold	Cumulative Dollars Raised
First 5 Investors	$10,000	.2% each unit	10,000	$1.00	1.0%	$50,000
Next 5 Investors	$10,000	.1% each unit	5,000	$2.00	1.5%	$100,000
Next 20 Investors	$20,000	.2% each unit	5,000	$4.00	3.5%	$500,000

Revenue Participation Agreement

Another capital strategy you may want to consider is called a Revenue Participation Agreement. This form of offering is like a loan, but has a stipulated payback out of the net proceeds of a particular project. It is most appropriate for projects that have an isolated revenue stream and are relatively short-lived, such as a music CD or a book. The offer consists of a commitment to repay the investor(s) first as soon as the project becomes profitable, sometimes offering as much as 75% of the net profits until the original investment is returned. Thereafter, you may offer investor(s) a pro-rated share of a smaller amount of the net profits, say 25% or less, for the life of the project. If the project is wildly successful, as you intend it to be, the investors stand to gain a substantial return. This is their return for risk.

If you are developing your financing through debt offerings, you will want to think about the length of term of the loan, when you want to start paying it back, how much interest you want to offer, and whether you are willing to offer to convert the loan to equity at some point in the future. You will also want to think about whether you are seeking bank financing, financing from other traditional sources, or are seeking private investors. Your primary consideration at this point should be on the use of the investment dollars and what the most appropriate source is.

FINDING INVESTORS

There are many sources of investment capital, including banks, venture capital firms, private investors (known as "angels") and other lending institutions such as mutual funds, mortgage companies, etc. Investors are everywhere. There is more investment money available in the United States currently than at any other point in history. There is considerable investment money available from foreign countries as well. There are also networking organizations where a person may make contacts and meet private investors. The Internet is another source of information about investors. There are numerous web pages for investor networks, brokers, and other sources where you may list a brief profile of your project, be matched to potential investors, and make initial contact, via the "net."

Be resourceful in seeking investors, and be careful. There are also many scams. Check your sources thoroughly. In general, if you are working with an investment broker or venture capital firm, ask for references of other projects they have funded, and call the references. Research the companies in the library. (Remember InfoTrak?) In general, do not work with any broker or company that is asking you for large sums of money in advance. Most reputable agents will only get paid if they find you money. Be sure to get all agreements in writing, and have your attorney review them.

Some additional sources that can lead you to capital include:

- Vankirk's Venture Capital Directory'
- Pratt's Guide to Venture Capital Sources
- Small Business Development Centers
- SCORE (Service Core Of Retired Executives)
- Your local Chamber of Commerce
- Your city or county Office of Economic Development
- The Small Business Administration (check out their web pages)
- Banks and non-bank lending sources
- Family, relatives and friends.

Packaging and Presentation

Depending on what type of investment you are seeking, you will need to include a number of things in your investment package. These include:

- Your Business Plan
- Resumes of your team members
- Testimonial letters from customers
- Endorsements from experts
- Letters of commitment from vendors and potential buyers
- Two-year financial history of your business
- Personal financial statements of all principals in the business
- Most recent two years tax returns for the business
- Legal descriptions of land, buildings, etc. being offered as collateral.

These last four items are of interest to lenders rather than equity investors; however, if you are packaging your program for an investment broker or venture capitalist, they are likely to as for all of the information.

In addition, you should also consider putting together a one-page "deal sheet." The deal sheet summarizes your offering on one page. It is different from the executive summary of your business plan. The executive summary provides a synopsis of your business. The deal sheet provides a summary of your financial offering. The deal sheet may include the following information:

- The Company
- The Product or Service
- The Strategic Plan
- The Investment Opportunity
- Exit and Payback
- Risk
- The Team
- Whom to Contact

Be sure to keep it to one page in length.

In meeting with potential investors, you will generally not give them your business plan in advance. You will have given them an executive summary to provide a brief overview and determine their interest. After an initial meeting, you will want to have the rest of the package to give to them if they indicate serious interest.

In meeting with private investors, you want to be sure to be in compliance with SEC rules. One of these rules is that you may not offer your opportunity to more than 35 *non-qualified* investors in any one round*. To avoid infringing on this requirement, you may want to pre-qualify your investors to determine their ability to invest, willingness to invest in the right opportunity, and like-mindedness with your project.

Now, the truth about investors: an investor will make a decision about whether they are going to fund your project within the first four *seconds* of meeting you. All of your hard work in writing a business plan, preparing your documents, and polishing your presentation, will lead you to this critical window of opportunity. If you have done your homework, gathered a capable team, created your money magnets, demonstrated to yourself and others the potential of your project, investors will know that you are ready for funding. If you come in begging, uncertain of yourself and your results, without a qualified team to support you, investors will know that too.

Generally speaking, in the first round of investing, people invest in you; in the second round, people invest in your team; and in the third, and subsequent rounds, people invest in your business history. So, as you begin the hunt for capital, it is essential that you carry with you the belief in yourself and the success of your project, the passion and commitment to make it happen, and the hard facts of what you plan to do.

Plan an eleven- to fourteen-minute presentation to your potential investors, and then stop talking and listen! Find out what they want and give it to them (to the extent you are able.) Remember that you are marketing your investment program, not selling your product.

*Qualified or accredited investors are defined by the SEC.
The number of nonaccredited investors allowed in each round varies in each state.

Investors will want you to be able to answer the following questions:

1. How does anyone make money in your industry?
2. How will you make money better, faster, smarter than anyone else?
3. WIIFM (What's In It For Me?)

You have already researched these questions and provided answers to them in your business plan. Organize your presentation around these questions and you will increase your chances of being successful. Investors also want to know:

1. Is your idea proprietary?
2. Is there a market for it?
3. Do you have the talent to make it successful?

What they are checking for here is whether there is an actual project that can produce results. By having obtained your legal protections, tested the market, and assembled the winning team, you will have answered these questions automatically.

Finally, consider graphics and video format for your presentation. A picture is worth a thousand words. Create pictures in your potential investors heads. Ask questions like, "Did you ever imagine that . . .?" Enroll them into your dream. Help them catch the magic and the possibility, and also give them the hard facts, in dollars and cents, about what the anticipated results will be and what's in it for them.

As Linda Chandler, author of *Winning Strategies for Capital Formation* says, "It has to have sizzle, and it has to be steak."*

♥ NOTES

*Presentation at the Free Enterprise Forum in Long Beach, California, May, 1995.

Chapter XIII
SUMMING IT UP

The executive summary is an abstract of your company's present status and future direction. Keep it to one to three pages. Because it gives the reader an overview of your business and indicates how your business plan is organized, the Executive Summary is usually written after all the other sections of your business plan are completed.

This chapter suggests elements you should include in the Executive Summary. It is arranged in question and answer format first and then in a sample narrative format. Use the questions and sections as appropriate to your project. Do not attempt to use them all! Feel free to change the section headings. Be brief and succinct in each area. Experiment with format and presentation to catch the reader's attention and guide them to key points. Make every word count!

EXECUTIVE SUMMARY Q&A

Vision / Mission

1. *What is your over-arching, on-going reason for being in business? State your mission in one sentence!*

HINT: Think of your mission as a cause. You are an evangelist on the planet. You are seeking like-minded individuals to join your cause and embark on your crusade to change/save/improve the world. What is it? Tell it to me in a way that is understandable, challenging and exciting.

Example: The mission of Leuin Management Group, Inc. is to empower entrepreneurs to create commercial success.

2. *What kind of company do you intend to be? (What is your desired company image?)*

Example: We intend to revolutionize the way business planning is done through our unique process, Planning With A Heart ♥.

Background

1. *What is the market place situation you are addressing? (i.e. why is there a need for what you're doing?)*
2. *How have people managed to do without [your product / service] up till now?*
3. *How and where is a similar product or service now being used?*
4. *What is your present situation (stage of development, market impact, etc.) vis-à-vis competition or technology, etc.?*
5. *What is the concept/opportunity/niche in your marketplace you intend to exploit as you build your business to the next level, etc.*

Company

1. What is the legal form of the company? (Explain why you have chosen that form, if necessary.)
2. What is your location? (primary business address as well as satellite locations).
3. Describe your current status (if you are an existing company) measured in dollars, with specific dates.

> ***Example: Gross revenue for fiscal year 2002 is expected to be $140,000. Annual growth is projected to be 20% per year through 2005..***

4. What are your targets for achievement?
5. What do you need or want next?

Product Strategy

1. Describe your product concept!
2. What is the desirability of your product or service? (from the consumer's point of view!)
3. Based on demonstrated needs in the market, what are the product research and development activities you are engaged in as a means to fill those needs?
4. How do you produce your products? (e.g. company owned manufacturing? Contract for production? Licensing?)
5. What is the advantage(s) of doing so?
6. What are your growth or expansion plans? (re. how you produce your service)

Market Analysis

1. What is the need in the market place that you are addressing?
3. Who else is serving that need? How successfully?
3. What is your competitive advantage?
4. Describe the total market for your industry (product or service) in terms of dollar volume and percent growth in recent years.
5. Describe the market distribution shared by top participants, and name any top market leaders.
6. Who are your customers? (give a demographic profile)
7. Where are they and how do you reach them?
8. Are they currently buying your product / service from someone else?
9. How will you educate customer to buy from you?

> ***Example: appealing to walk-in retail customers, reaching executives by direct mail, demonstrating your product in manufacturing facilities.***

10. How would your customers compare your product with those of competitors?

Marketing Plan

1. How will your sales strategy address specific market needs?
2. What are your major channels of distributing your product or service to end users?
3. Summarize your top means of advertising and promoting your company and products to your customers (classified ads, color catalog, etc.).
4. Summarize your top two or three publicity strategies or areas of focus.

Management Team

1. Provide brief descriptions of your management team's functions and background.
1. Describe your outside management support (anyone you hire on an hourly or project basis, e.g. your accountant/CPA, corporate attorney, consultants.)

Financial Plan

1. *Summarize your three- to five-year projection of gross revenue, net operating income and after tax profit, with year to year growth rates. (See below.)*

*** * EXAMPLE * ***

Year	FY2010	FY2011	FY2012	FY2013	FY2014
Gross Sales	$140,100	$181,200	$234,500	$304,300	$395,900
% growth		29%	29%	30%	30%
Net Income	$38,400	$52,000	$78,000	$103,500	$148,700
% growth		35%	50%	32%	43%

2. *State the amount you require for your capital offering and the terms and conditions you are seeking. (If there is more than one round of capital offering to be made available, describe CLEARLY what you are seeking at this time.)*
3. *Describe the uses for this round of capital (seed capital, research and development, marketing, capital purchases, acquisitions, and/or working capital.)*
4. *Describe how investors will be paid back, and what their return will be.*
5. *Give a brief description of your top business risks.*

Conclusion

1. Add any personalized concluding remarks that you feel would augment the initial impression given by this Executive Summary.

> ***Example: We believe we are riding the crest of a wave and will be at the forefront of one of the hottest growth industries of the 21st century.***

♥ NOTES

Executive Summary Template

Vision / Mission

Your vision and mission reflect both your "higher" reason and purpose for being on the planet, and your marketplace objectives. Your mission is to demonstrate your unique talents and skills in a highly organized fashion that has a substantial social and economic impact.

Include your company vision and mission statements regarding your line of products and/or services: What kind of company do you intend to be? What is your desired company image?

Background

Identify the need: how people managed to do without [your product / service]. How and where is a similar product or service now being used?

Explain your present situation (stage of development, market impact, etc.) in the industry vis-a-vis competition or technology, etc.

Describe the concept / opportunity / niche in your marketplace to exploit as you build your business to the next level, etc.

Company

Describe the legal form of the company and its location (primary business address as well as satellite locations).

Describe your current status (if you are an existing company) and target for achievement, measured in dollars, with specific dates: e.g. by 20[xx] our operation was producing $[x] (sales, units, products), and has operated at (financial condition – profitable, break-even, etc.) ever since. Revenue projected for fiscal year 20[xx] is expected to be $[x]. Annual growth is projected to be [x]% per year through 20[xx]. What do you need or want to do next?

Product Strategy

Your product strategy includes not only your current line of products and/or services, but also your research and future development plans, and specific choices you have made to manufacture and/or deliver your product or service.

Current Product

Give your concept description and desirability of your product or service.

Research and Development

Based on demonstrated needs in the market, what are you looking into as means to fill those needs?

Production and Delivery

How do you produce your products? What is the advantage(s) of doing so? What are your expansion plans?

Market Analysis

What is the need in the market place that you are addressing? Who else is serving that need? How successfully? What is your competitive advantage?

Market Definition

Describe the total market for your industry (product or service) in terms of dollar volume and percent growth in recent years. Describe the market distribution shared by top participants, and name any top market leaders.

Customer Profile

Who are your customers? (give a demographic profile) Where are they and how do you reach them? Are they buying your product / service from someone else? How will you educate customer to buy from you?

Competition

How would your customers compare your product with those of competitors? What are the advantages your product or service has — its improvements over existing products or services.

Marketing Plan

Your marketing plan addresses your specific strategy in meeting the market needs you've identified.

Sales Strategy

How will your sales strategy address specific market needs? e.g. appealing to walk-in retail customers, reaching executives by direct mail, demonstrating your product in manufacturing facilities, etc.

Distribution Channels

What are your major channels of distributing your product or service to end users.

Advertising and Promotion

Summarize your top means of advertising and promoting your company and products to your customers (classified ads, color catalog, etc.).

Public Relations

Summarize your top 2 or 3 publicity strategies or areas of focus.

Management Team

Internal Management Team

Provide brief descriptions of your management team's functions and background.

Outside Management Support

List anyone you hire on an hourly or project basis, such as your Accountant or CPA, Corporate Attorney, Consultants.

Financial Plan

Your financial plan should be summarized here, showing your three- to five-year projection of gross revenue, net operating income and after tax profit, with year to year growth rates.

Capital Requirements

State the amount you require for your capital offering and the terms and conditions you are seeking. If there is more than one round of capital offering to be made available, describe what you are seeking at this time.

Use of Funds

Describe the uses for this round of capital (seed capital, research & development, marketing, capital purchases, acquisitions, and/or working capital.)

Exit / Payback

Describe how investors will be paid back, and what their return will be.

Risk

Give a one to two line description of your top two or three business risks.

Conclusion

Add any personalized concluding remarks that you feel would augment the initial impression given by this Executive Summary.

♥ NOTES

Chapter XIV
FINISHING TOUCHES

This chapter is about editing. Edit, edit, edit! I once had an English teacher who offered students a dollar for every word they cut out of their papers.

Editing is about making your writing convey your purpose and intent to your audience in as powerful a way as you can. It is like pruning a tree to make it grow better and stronger. It is a way of separating wheat from chaff.

Editing is about taking "you" writing and turning it into "audience" writing. If you have not, up until now, thought about who will read your business plan, now is a good time to begin. You will want to address your business plan specifically toward the needs of your audience. If your audience is conservative bankers, for example, you will want to emphasize throughout your management competence, fiscal responsibility, concern for security, and so on. If you are addressing your plan to venture capitalists, you will want to emphasize the uniqueness of your products or services, the potential market impact, and a rapid or sizeable return.

In many cases, you will be writing for more than one audience. If this is so, you may want to think about having different versions of your business plans for different audiences.

Keep in mind that you are also writing this business plan for yourself. In all cases, stick to what you honestly believe is true, and create a blueprint that you and your team are committed to following, no matter what.

It is often difficult to edit your own work. People become personally attached to their own words and brilliance. If this is the case for you, let someone else edit your business plan. In fact, as part of your final session, have each of your team members review and revise your business plan with you.
This chapter will guide you through the steps in bringing together all of the writing you have done and assembling your business plan. Along the way, you will have an opportunity to review and revise everything you have done so far.

Understand that the business plan is a living document. If you are writing a business plan prior to opening your first business, then this document becomes your roadmap to success. If you are like most entrepreneurs, you have already jumped into the marketplace and are actively producing your products and services, meeting customers' needs and learning by doing. In this situation, the business plan you produce now becomes your strategic plan for taking your business to the next level. In either case, the completion of your plan will fill you with exhilaration and confidence and fuel you onward to your next steps.

ORGANIZATION

Organizing your business plan means putting it in a systematic presentation that will be meaningful to your readers. Most traditional sources (SBDCs, SCORE, SBA, etc.,) tell you to organize your business plan* something like this :

- Title Page
- Table of Contents
- Business Concept (Executive Summary)
- Market Plan
  - Industry Description & Outlook
  - Competition
  - Location Analysis
  - Price Determination
  - Market Approach
- Management (or Operational) Plan
  - Management Team
  - Employee Relations
  - Operational Controls
- Financial Plan
  - Current Funding Requirements
  - Use of Funds
  - Long-Range Financial Strategies
  - Financial Statements
- Conclusion

Sound dull? It is. Imagine for a moment that you are a bank loan officer or SBA lender who receives hundreds such business plans each week and has to read each one. How will you make your plan stand out from among these hundreds of others?

The answer is: Find out what your audience needs, and give it to them. If you have already spoken to your investor at length about your project, and he or she is seriously interested, waiting only for you to produce plausible financial projections, consider putting these first in the document. If your audience is most interested in your product plan, emphasize this throughout. Marketing? Give them that up front, and emphasize it over and over again.

I cannot emphasize too much that your business plan is a document for marketing your financial program to your lenders or investors. The most important principle of marketing is to find out what your customers want and give it to them.

**The source of this particular outline is the Business Plan Guidelines written by the Small Business Development Center of the Maricopa Community Colleges in Tempe, Arizona.*

An interesting thing to know about readers is that they do not tend to read business plans straight through from cover to cover. I have even seen people pick up a business plan and thumb through it backwards. Remember that you have only four seconds to make that initial impression. Organize to achieve that goal. Put the most important information where the reader is most likely to look first. This is usually the beginning and the end of the document.

PRESENTATION

Presentation refers to a wide range of choices you will make about the look, feel, format, style, and appearance of your business plan document. Make it visually appealing, make the information easy to find, and lead your reader through the "story" you want to tell. Here are some things to consider:

Cover

Consider having a color cover for your business plan, even if you print the rest of it on white paper with black ink. Color adds appeal. Color says professional. Color evokes a feeling. A friend of mine who is a business franchise consultant told me that over 90% of the corporate logos in the United States are red, white and blue. Is that any surprise? Consider having your color logo on the front cover of your business plan. Consider also using it as a watermark (a lightly-imprinted graphic) on each and every page of your business plan.

Graphic Images

If your logo is not appropriate for use on your business plan, (although I can't imagine why it wouldn't be) consider the use of graphic images instead (or in addition.) A picture is worth a thousand words. Show your investors what you are doing. Use graphics throughout your business plan to draw the reader in and lead them where you want them to go. Use graphics to highlight and emphasize what you want them to know. Use graphics to make emotional appeals as well. Use appealing pictures to energize and excite your reader and give them a sense of competence and confidence in your project.

Chapter Headings

Use the titles of each section of your business plan, and the sub headings, to tell your story. Consider the following Market Analysis section of a business plan, for example, and decide which has more impact:

(A) Market Analysis

- Market Definition
- Industry Analysis
- Market Segment
- Market Strengths
- Market Challenges

(B) World Wide Web Market Analysis

- The Market For Advertising
- Advertising on the Web
- High-End Quality for the Mid-Market
- ABC's Competitive Advantages
- New Start-up Challenges

Notice how much more specific and exciting the second approach is. The content is the same as the first set of headings, but the impact is greater. Note also that your chapter titles and headings will be listed in the table of contents to tell a compelling story on a single page.

Pullout Quotes

Pull-out quotes are another effective tool for catching your reader's eye and guiding him or her to the information you want them to see. Most magazines and newsletters use this technique. You can use quotes from customers, quotes from experts, quotes from colleagues endorsing your work. Make them big and bold. Sprinkle them throughout the text. You may even use one on every page to set the tone for each topic you are covering.
Use them to draw the reader on and get the message.

Pull-out quotes are another effective tool for catching your reader's eye.

There is an adage in speaking, which I believe works well in writing as well. That is:

- ♥ Tell them what you're going to tell them.
- ♥ Tell them what you want to tell them.
- ♥ Tell them what you just told them.

In other words, repetition is a good thing. Repetition creates familiarity. People are much more likely to say yes to something that is familiar to them than something that is not. Help them become familiar with your project quickly by providing information in pull-out form that emphasizes and repeats the main points in the text, allowing them to see it more than once.

Also, be judicious. Don't become so repetitious that you have nothing new for them to discover when they read the entire text. Leave some surprises for the complete text.

Fonts and Styles

You can also make your document visually appealing with your choices of fonts and graphic styles such as lines, boxes, borders, headers and footers.

As a rule, use no more than two different fonts in your document. Fonts come in two basic styles: serif (with the little lines at the ends of letters like "s", "r" and "T",) or sans serif (without the little lines and squiggles.) Pick one for your main font, and the other for titles and headings.

Lines, boxes, and borders can add visual impact to your document and create a unique style that sets you apart. Use them to support your message; don't just add lines arbitrarily. A graphically well-designed page can add professionalism to your message.

Headers and footers can also be used to support your message. A header is the repeated top line on every page, which may repeat your company name, marketing slogan, or

another message you wish to emphasize. The footer, or repeated line on the bottom of every page, can repeat your "proprietary information" message and page number, or other information, as appropriate.

The final message on presentation is to choose a format and style that is uniquely "you," and represents your team and company in the best light. Use the advantages of word processing and typesetting to produce a truly professional result.

Making It Work

Linda Chandler, two-time keynote speaker for Success magazine, describes a number of essential characteristics for your business plan . This chapter closes with her message.

Here are the nine characteristics of a winning business plan that Linda describes:

- Clear
- Concise
- Complete
- Candid
- Conservative
- Clean
- Charismatic
- Confident
- Convincing

These are the same characteristics you should strive for as you and your team present your business plan to investors.

Clear

Your business plan should be clear. Communicate your message plainly. In order to achieve this, your thinking must be clear at each step of the way. Your strategy must be evident to the simplest reader. Don't try to impress your investors by using jargon or language that may make it difficult to understand you. Be straightforward. Be clear.

Concise

Your business plan should also be concise. I recently spoke to a woman who is now an investment representative who proudly told me she once wrote a business plan that was thirteen hundred pages long. I wonder who actually sat down and read it.

If your thinking is clear and your research is complete, a good business plan need be no longer than 30 to 40 pages of text. You will add technical material to this, including financial projections, product information, manufacturing specs, blueprints for facilities, team resumes, and so on, but your main text need not be lengthy. Make every word count.

Edit and edit again. Make sure your meaning is clear and your wording precise. Keep the verbiage to a minimum.

Complete

At the same time that you are striving to be concise, you must also be sure to provide complete information to your investors. Especially in the area of business risk and uncertainty, don't hide anything from your investors. They will expect a start-up operation to be risky. Be intelligent and address these issues head on.

Also provide details of your product and marketing plans. Don't make the mistake of thinking that because your project is proprietary you can't reveal everything in the business plan. If you have legal concerns in this area, have your attorney provide you with a simple non-disclosure document that you have each person sign before you give them before you release a business plan into their hands. In order to gain your investors' support, you must reveal all the facts to them.

Candid

You must also be candid. Don't hide or cover up any perceived disadvantages or inadequacies. It is natural not to have covered all the bases completely before you start. You will necessarily live into your business plan and gain first-hand knowledge in the market that will enable you to fill in the gaps. Meanwhile, be candid about what you don't know and about your current state of operations. Don't, for example, refer to the company as "we" when it currently consists only of "you," or refer to non-existent team members, or inflate sales, or brush over a negative cash flow.

Investors want to know what your problems are and how you are planning to address them. Often they can be part of the solution. An adage I learned in managing customer support for a software company is, "If you can't fix it, make it a feature." So be creative in addressing solutions to problems, and be candid about the challenges and opportunities you are facing.

Conservative

Be conservative. Don't allow your own enthusiasm to carry you away into believing you will capture 100% of the market in the next two years with your wonderful new product. Do your research and understand what a typical scenario is in your industry. Project "best case" and "worst case" scenarios. This will allow you to identify critical variables that make a major difference in your forecast.

Be conservative in projecting these key variables. Most investors will have a tendency to double your expenses and cut your revenue projections in half and then see if your project still works. Beat them to the punch, and do this homework for them, and be conservative in presenting the numbers. Everyone likes a success that is greater than expected rather than a plan that fails to measure up.

Clean

Being clean means that you are able to substantiate every single piece of information presented in your business plan. The best protection here is to footnote or source everything, or have these sources readily available to the investor who wants to know. In the process of determining whether to invest in you, most investors will perform what is called "due diligence." This means they will check out what you say and see if you really are who and what you claim to be. Many a deal has been squelched because of inaccurate information. If your business plan is not squeaky clean, what kind of a company are you representing to the public?

Charismatic

Be charismatic! Let your passion show! Let the magic energy and enthusiasm that you feel for your project leap off the pages to the investor. As Linda Chandler puts it, your business plan has to have "sizzle," and it has to be steak. Don't get carried away with words like "the greatest," "best," and "most," but let your natural enthusiasm infuse your writing. Charm them with your entrepreneurial gleam. Let the investors know that this project is a winner.

Confident

Be confident! Assume that your project is already funded. See the company as it is five years in the future. Remember the magic of the visioning process, and let your clarity and commitment carry you into the future.

If you are hesitant, tentative, or unsure of yourself, investors will pick this up. Most people have a fair amount of uncertainty when they are stepping outside of their comfort zone. If you have completed all of the exercises in this book, you will have come a long way toward breaking through your fears and stepping forward with confidence.

Chapter XV has some final pointers on fear management as well.

Convincing

Be convincing. Don't whine or beg. Being convincing starts with being convinced yourself that you are going to be successful. Present your arguments as persuasively as possible. Present your arguments in terms that are meaningful and important to your investors. Find out what they need to know, and provide it.

If you are feeling overwhelmed by this description, don't be. Know that if you have done your homework and followed all the exercises and activities suggested in this book and gathered the team about you who can get the job done, then you will already be embodying all of these characteristics. And as you find like-minded individuals who share your passion and interest in your market area, the right investors and capital opportunities will show up.

SESSION 5: WRAP-UP

Total Time: 2-4 hours

In this session, you will again want to gather your whole team. Plan on an extended afternoon or evening session to complete the process. In preparation for this session, you might want to assign team members various tasks to complete and present to the group. At the meeting, again, designate a facilitator, recorder, time keeper, and assign other roles as needed.

Session A: The Executive Summary

An interesting exercise in communication is to have each team member write their own version of a one-page executive summary. You may either want to use the meeting time, or have the team members prepare their summaries in advance, bringing copies to the meeting for everyone to share. Even if there are "non-writers" in the group, this exercise is useful in gaining each team member's perspective, and finding out how coherent a vision you have presented in your full business plan. Have the non-writers use bullet points and outlines if they are unable to write narrative prose. You may want to have the team members agree before hand on what headings to use in the Executive Summaries, or you may want to let each team member select appropriate headings as well.

Review the Executive Summary templates in chapter XII as a guide to completing your executive summary.

Session B: Financial Offering Strategy

A second area to complete as part of your business plan strategy is the overall fund-raising strategy. Not all of this may appear in your initial business plan, but you must take a long-run look at your company's funding needs in order to shape the initial offering. For example:

- Are you planning to take the company public?
- Are you interested in retaining 100% of the company ownership for your team?
- Are you philosophically opposed to debt? Equity?
- How many rounds of funding do you need to do? When?
- How much total dollars will you need to raise?
- What do you need the funds for?

Review the investment options in Chapter XIII as a guide to completing your Capital Plan.

Session C: Editing and Feedback

As part of your final wrap-up, consider having the entire business plan read aloud to the team. Your ear will catch things that your eye misses. Having a group audience will also help you gauge the effectiveness of what you've written. When you are done, celebrate your completion!

NOTES

Chapter XV
Keeping the Dream Alive

Have you ever told your dream to someone, only to have them take the wind out of your sails with their negative reaction? Perhaps they said, "How are you going to do that?" or "That's a great idea but, you're not good enough, smart enough, rich enough." Did you leave those conversations with negative people feeling totally deflated?

Many a project falters and even dies for lack of encouragement. This chapter is about how to keep yourself and your team going in the midst of discouragement, obstacles, lack of resources, and other stumbling blocks that seem to get in your way.

There is one thing you can count on in the process of moving toward your dream. Obstacles will occur. You can count on them. They are there for a reason. An old friend of mine recently pointed out that the only reason problems exist is because there are solutions. Remember high school algebra? Remember the solutions to all the problems were in the back of the book so you could check your work? Every once in a while there would be a "problem" without a solution. Those weren't really problems because there was no solution. Nothing could be done about it.

Obstacles are like signposts on the way, showing you where to go. If you are not running into obstacles of any sort, check your direction. The "devil" doesn't care if you are on the road to hell — he'll help you get there. It's only when we turn around and start exercising our God-given gifts and talents, moving toward a higher level of awareness and service, that we run into resistance.

Resistance is what allows us to soar. Without resistance, birds couldn't fly, and airplanes couldn't soar. Without resistance, sailboats couldn't turn. Think about how resistance has been an asset in your own life!

My experience, and probably yours by now, is that writing a business plan is simply a vehicle that alows your own personal blocks and fears to rise to the surface. This is because you are stepping out into an unknown area of your life and stretching beyond what you have become accustomed to. Accept that you are on the growing edge of your life, professionally and personally, and get on with it!

This chapter will guide you through some processes in "fear management," and suggest ways in which you and your team can engage in mutual support, recognition and feedback, as ways of supporting and achieving your dream.

Fear Management

There are only two basic choices in life—to come from fear or to come from love. This book has been about love—love for your idea, love for your team, love for your customers, and most of all love for yourself. At all times, people are always engaging in one of two

behaviors: they are either asking for love, or offering love. This is as true in business situations as it is in social and personal, only we don't tend to talk about it as much in the business world.

Fear blocks our communication with people, and makes us unable to offer love. It is like forgetting who we are. FEAR stands for "False Evidence Appearing Real," or "Forget Everything And Run!" Either way, when we are in a fearful state, we cannot access the resourcefulness we need to move our project forward. We are stuck.

When you are stuck, ask for help. This is also one of the most difficult things for a stuck person to do. Many of us have the mistaken belief that we have to do it alone and it is a sign of weakness and failure to ask for help. Please get over that as quickly as you can, and make an agreement with the members of your team that whenever someone needs help they can call anyone else on the team and say, "I'm stuck," and get an immediate response.

Fear often runs through people in waves or storms. Some people have predictable periods of fearfulness in the late afternoon, or early morning, or late in the evening. Fear is energy. It can be a massive, powerful energy, like the dinosaurs in "Jurassic Park", or a small subtle energy that sends shivers up the back of your neck. However, fear can be managed. Recognize that it is an energy, or emotion (energy in motion) that can be managed. Next, focus on breathing. Fear can quite literally take our breath away. A reminder to keep breathing is a good antidote to fear. Deep, slow breathing calms the body and the mind. If you ever wake up in the middle of the night with nightmares, or fear storms, raging inside your head, another exercise is simply stretching. Stretch your body to its full length as hard as you can, until you start to shake. Do this two or three times. What will happen is your brain functioning will switch hemispheres, and usually shift you away from the source of the fear storm. You will easily go back to sleep.

Another powerful antidote to fear is to visualize it as a movie. Step out of the picture and imagine yourself sitting in a theater watching whatever is going on in your mind on the screen. Now, start to shrink the screen. If it is in color, turn it into black and white. Run the movie backwards. Make is scratchy until you can hardly see it. Move the screen further and further away from you. Make the image on the screen smaller and smaller until it is just a little square, then wink it out of existence. Remember, it's not happening to you now. It's only a movie.

Often our fears catch us when we are awake, and put us in such a stuck place that we feel totally unresourceful. Often these fears are about money. One strategy in managing this state is to sit down and make a list. Start by writing down specifically what your goal is, whether it is to raise a certain sum of money by a certain date, to obtain distribution channels for your product, or whatever. Now write down eleven strategies that together will achieve more than what you want. This puts you back in a resourceful state because, if you implement all of them successfully, you will have achieved more than your original goal. Now implement them all! Get going! Get into action! Action is the best antidote to fear.

Managing Negative Influences

To keep your vision alive, you need to learn how to deal with outside negative influences. There will always be people in your life who won't be 100 percent like-minded with you or your project. Dealing with these people effectively is essential to your success. In most cases, with careful management, negative influences can be turned into some of your most powerful resources and allies as a result.

The people in your life are always a reflection of your internal state of being. They are a mirror of what is going on inside of you. When negative influences come in, ask yourself, "What part of me is this a reflection of?" "What unresolved issues do I, or my team, have to deal with?"

For example, if you have lots of people sneering at your product idea and telling you it can never be done, look within yourself and your team to see who is not clear about his or her own belief about what you are doing. Open up communication at a deeper level to allow everyone's fears to surface. Become your own worst critics. Think of all the negative reasons why it won't work. Brainstorm negativity! And then, address each issue in turn, as a team, and decide how you are going to handle it practically, in terms of product or service improvements, and philosophically, in terms of communication among yourselves and with the public.

Turn your negatives into positives. Use the code word "Switch" among yourselves, to remind each other to switch the energy away from negativity toward positive solutions.

Many of us have been accustomed to being surrounded with "why we can't" types of people. Train your team to switch from "why we can't" to "how we will." Focus on positive solutions.

People are motivated by two driving forces in life: moving away from what they don't want, and moving toward what they do want. For many people, "moving away from" behaviors are more dominant than "moving toward." When you ask these people a question, you will hear them say first, "What I don't want is . . . ." Hear them out, and acknowledge their responses, and then ask again, "What is it you do want?" Train these people to switch. Help them to recognize their innermost desires.

Sometimes, we are simply unable to remove ourselves from an experience that, to us, appears to be a negative influence. There are ways in which we can protect ourselves, energetically, from negative energy. A simple response is to say, "Oh," to the person, and nothing more. The word "oh" works like the number zero in the brain and cancels out what was said. We can also mentally picture the person's words written on a black board in our mind and mentally take an eraser and erase the words, silently saying, "Erase, erase, erase." Or, use a computer analogy, and program in "Cancel, cancel, cancel" to command our brains to ignore what was just said.

Another energy device is to simple make a circle of our thumb and forefinger and close a circuit, as it were, in our energy body that keeps us strong when we feel under attack. Try this at a meeting sometime and see how you feel.

Team Empowerment

Recall that in the chapter on teams (Chapter X) we talked about people who are process-oriented and people who are task-oriented. It is essential to have both on your team, and to recognize and honor the talents of both. While you are busy completing your business plan, the task people may tend to dominate. After all, writing a business plan is about getting things done. At the same time, you must maintain the working relationships on the team by explicitly planning for team development and empowerment. This is where process-oriented people excell.

Consider developing and enhancing the skills of your team through an explicit program of seminars and training. This can either be taking the group to attend seminars together or bringing outside facilitators into your group to work with you on specific skills, attitudes, and resources.

All teams and groups go through distinct stages of relationship and communication in the process of forming into a cohesive whole. In the 1970s, these stages were referred to as "forming," "storming," "norming," and "performing." Today, they might be more appropriately referred to as "Inclusion," "Control," and "Affiliation."

Inclusion refers to the initial decisions people make as to whether they want to be part of the team or group. During this phase of relationship, the communication will center around who else is on the team, how much they can be trusted, how much it will cost to join. People are making a mental decision to participate.

The next set of issues centers around control. At this point, the team may seem to erupt in conflict. What once seemed to be a smoothly working unit is now full of turmoil. The initial leader of the team may now be challenged as others vie for leadership roles as well. Questions such as who's really in charge, what are you really asking me to do, and how much can I speak my mind or push for what I really want, tend to emerge at this stage.

Many groups fall apart because of open conflict, and fail to break through to the next level of communication from which synergy flows. This breakthrough involves a self-questioning in which each member of the team must ask themselves the question, "What am I willing to give up in order to be part of this group?" In the context of communication and team relationship, what each individual must give up is their own expectations, stereotypes, prejudices, etc.—anything that blocks them from open communication with the other members of the group.

The issues that arise at this third stage of group formation, the stage of "Affiliation" or "Affection," or what some might even call "Love," are questions about caring and the expression of care. When each individual can honestly express care for each member of the group, or feel free to not really care for someone and still work with them, then the group has broken through to a high level of performance and participation.

Groups that pay attention to the process of team formation will discover that they can perform as a unit at a very high level, get tasks accomplished quickly and powerfully, and enjoy the work they are accomplishing together. They will also be aware that this

type of performance requires continual maintenance to move the group through issues as they arise and cycle through to the highest level again.

Celebrating Completions

An essential part of maintaining your vision is to celebrate your completions. Too often we are so focused on the roadblocks ahead that we fail to recognize how far we've come. Completions are an essential part of life. Give yourself, and your team members, rewards, early and often. My friend, Mitchell J. Santell, says, when he lectures, "I've already had five completions today. I got out of bed this morning. That's a completion. I got dressed. That's another completion. I made it to the auditorium. Another completion." You get the picture.

Why is it essential to celebrate your completions? I believe there are several reasons. Everyone likes recognition. If we set goals, we like to know that we are making progress. We like to know that we are doing well. One of the basic human needs is to be acknowledged. People like to feel important. Acknowledging our completions gives us a sense of significance and contribution. When people's needs are met, they are more likely to stay positively involved in a project or situation.

A second, perhaps more profound reason for acknowledging completions is to express gratitude. Gratitude is how we walk in love. If we are aligned with our universal purpose and mission in life, if our business project is an expression of that purpose, then we are being supported by the universe, or God, in our endeavors. Celebrating our completions is a way of expressing gratitude and giving thanks for what we are receiving in return for our commitment to contribute at the highest level we can achieve.

Celebrate completions early and often. Plan team outings, events, gifts, tokens, and other items that contribute to a feeling of accomplishment and motivate people onward. Make them silly and fun. Make them significant and serious. Encourage other team members to acknowledge completions as well. Start a completion board in your office, on which team members can post their accomplishments. Record them in a book with photographs and other mementos. You will look back on these in years to come with pride in your acknowledgments.

Monitoring Success

Success is a learned behavior. Enrique Montiel, motivational speaker, discusses the following model of success :

- ♥ Decide specifically what you want.
- ♥ Create a strategy using a role model.
- ♥ Take massive consistent action!
- ♥ Notice if your results are moving you closer or farther away from your target.
- ♥ If you are off course, change your approach until you succeed.

We have been following this model throughout the book. Notice that one of the points is to "take massive consistent action." Many times, I am asked by a client what to do next. In the actualization of your business plan, it really doesn't matter. Do it all! Take massive consistent action toward your goal. And then monitor your success.

Obtaining and receiving feedback is an essential key to achievement. Airline pilots will tell you that in the process of flying an airplane toward its destination, they are off course more than 90% of the time. They are blown by air currents, turbulence, etc., and are constantly making minute course corrections to stay on track (or the computer is doing it for them.)

Monitor the results of your actions. If they are moving you toward your goal, celebrate your completions and keep going! If you are not achieving the results you desire, stop what you are doing and do something else. Albert Einstein once said that the definition of insanity is doing the same thing over and over and expecting a different result.

How will you monitor your progress? A great source of feedback is consumer acceptance of your products and services. The best way to find out is to ask. Ask often and ask early. Make your customers your biggest source of information. Make them allies in your business. Make them an essential part of your success. After all, if it weren't for your customers, you wouldn't be in business.

Another essential area of performance to monitor is your team. Get frequent feedback from your employees and team members, and encourage them to ask you for the same. Head off big problems before they occur, and give everyone the tools and resources, and authority, to handle little ones immediately. Some of the most successful companies in the world have daily team meetings with all of their employees to recognize accomplishments and receive feedback about what's working and what's not.

Finally, give feedback to yourself. Be honest in your self assessment. Keep a journal or log of daily activities, and make note of what's working and what's not. Be quick to delegate and encourage team members to take responsibility for areas that you are not interested in or competent in. Recognize and acknowledge your own strengths and weaknesses, and celebrate both, for strengths are what get you through the hard times, and weaknesses are either areas of growth or aspects of your team support that let you know that you are not alone. Ask for and receive their support.

♥ NOTES

Chapter XVI
SAMPLING THE WARES

In this chapter I have included two brief business plans to give you an idea of how simple the process can be. I have purposely resisted including any longer plans because I do not want to give you a template to follow exactly, rather a general idea of the creativity and variety you can apply to designing your own plan.

The first, is a one-page business plan written in between classes at the Free Enterprise Forum, in May of 1995. It was my first complete business plan.

The second was written by nine-year old Jamie Spilchuk, son of Barry Spilchuk, one of the IBI Forum instructors. I include Jamie's business plan for "The Grass Is Greener with Jamie" as a stellar example of how clear, concise, and charismatic a business plan can be. Enjoy these, and add your own to them.

You are invited to JOIN
the
FREE ENTERPRISE FORUM
to Accelerate Your Business
in LESS TIME with MORE POWER

PLAN:
* Build the local team (partial completion)
* Direct marketing (business to business)
* Gift packs
* No-host meal meetings & previews

ADDED VALUE:
* FREE Goal Realization Workshop
* Preparation for class
* After class follow-up

NICHE: Tapping the entrepreneurial spirit

Small businesses 3-5 years old
Less than 100 employees
In Phoenix, Arizona

PROJECTIONS: 3 enrollments/month within 3 months
5 enrollments/month within 6 months

COMPLETION: lead lists obtained for 3 month use

NEED: $15,000 (min. $5,000 at 12% - terms negotiable)

- office equipment (phones, voice mail, cell phone, modem)
- lead lists / telemarketing / TV leads
- gift packs and IBI materials (supplies)
- room rental for previews and free classes
- Start-up and living expenses for first 90 days.

Organizational Change Workshops/Seminars
Human Potential Training

Barbara A. Leuin, Ph.D.

Consultant
IBI Representative

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Notice the following characteristics on the one-page "business plan":

- ♥ Mission and Purpose
- ♥ Product Definition
- ♥ The Market Niche
- ♥ The Market Plan
- ♥ The Team
- ♥ Financial Projections
- ♥ Capital Request
- ♥ Added Features

See if you can identify similar characteristics in Jamie's business plan, on the next pages.

Use these simple models as a start for designing your own presentation.

The Grass is Greener with Jamie Business Plan

"Premiere Lawn Care for Your Castle"

by

Jamie Spilchuk

Jamie's Business

THE IDEA – The lawn cutting service for my neighbour hood.

THE COMPETITION – Lawns R US, Pete's Lawn care.

CAPITAL NEEDED–Lawn mower $400 Deluxe Whiper Snipper $150 Marketing and advertising $150 Miscellaneous $50

INVESTER INFORMATION-I'm Looking for Investers to invest $20 per share. They will get 10% Interest and profit share.

TEAM – on my team now are my dad Barry Spilchuk.

MARKETING PLAN

WHO ARE MY CUSTOMERS?

My neighbours and people in my neighbourhood.

HOW WILL I SELL TO THEM?

Knock on their door and ask them.

Phone them up and ask them.

Drop off Brochures in their mailbox.

I will ask for referrals.

ADMINISTRATION PLAN –WORK FLOW

WHO WILL : DO THE CUTTING?

Jamie Spilchuk

I will get a friend to help me when I'm on Holidays or when I'm sick.

: DO THE SELLING?

Jamie Spilchuk

: DO THE BROCHURES & MARKETING ?

Jamie Spilchuk

With help from my dad.

RISKS: If I take a risk and gamble all the money on the business equipment we could run out of money. I could get board and not want to do it anymore.

About Barbara Leuin

Barbara Leuin, Ph.D., founder and president of Creative Money MAGIK, Inc., has over thirty years of professional experience with dual careers as a business educator and entrepreneur. Trained in classical piano, trombone, ballet and modern dance in her early years, a professional dancer in her twenties, and an active member of an artists' community in Albuquerque, New Mexico, Barbara is an accomplished writer, lecturer, and seminar presenter and consultant.

Barbara founded Creative Money MAGIK, Inc. in 1995 to empower entrepreneurs through business planning and success coaching. The company has expanded to provide strategic planning and financial consulting in a broad range of industries.

Barbara completed her B.A. in Mathematics at New York University, and holds a masters degree in Economics from the University of Arizona. She completed a doctorate in Natural Resource Economics at the University of New Mexico, and spent five years as the head of forecasting for a major electric utility in the Southwest. Barbara has taught economics, business, writing, and team development at major universities, including the University of North Carolina, for 14 years. Since 1982, she has also been an organizational development consultant, national conference organizer, and has started and run several successful business ventures.

Barbara has authored numerous journal publications as well as popular articles. She has spoken to conference audiences in Mexico, Canada and the United States, and has trained employees at Motorola, Intel and Allied Signal. She is a popular speaker at small business associations and a facilitator for corporate and non-profit board retreats. With over 1000 hours of training in spirituality, personal empowerment and group dynamics, she brings a holistic, balanced approach to business planning and creating organizational structures that empower the creative spirit.

Barbara Leuin, Ph.D. is available for keynote speeches, workshops and seminars on *"Planning With A Heart ♥," "Abundance Is Your Birthright,"* and "Success Is a Learned Behavior."

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